

**A COUNCIL MEETING MINUTES**  
**Library Media Center**  
**412 2<sup>nd</sup> St. N.W., Ortonville, MN**  
**Monday, July 15, 2019**  
**5:00 P.M.**

**CALL TO ORDER AND ROLL CALL:** Mayor Gene Hausauer called the Regular Meeting to order at 5:00 P. M. Roll Call was taken with the following present: J. Dorry, M. Dorry, Berger, Radermacher and Roggenbuck. Absent: Sykora. Staff present: Deb Ellingson, Jason Mork, Scott Huizenga, Sam Berger and Jesse Roscoe. Media: Mike Swenson. Also: David McLaughlin, Bob Schlieman, Artie Arndt, Mary Hillman, Zach Barnhardt, Adora Hooper, Joe Arndt, Wanda Berry, Becky Parker, Chuck Henningson, Adam Ellard, and Kyle Chester.

**AGENDA AMENDMENTS: Add:10.e. Adam Ellard-Temporary Liquor License**  
A motion was made by Radermacher and seconded by Roggenbuck and passed unanimously to approve the agenda amendments.

**PUBLIC PARTICIPATION AND CORRESPONDENCE:**

4.a.1. Bob Schlieman-Alley NW of Madison Ave.

M. Dorry moved and Berger seconded that the following Resolution be adopted:

**RESOLUTION 19-49**  
**RESOLUTION APPROVING APEX ENGINEERS CHANGE ORDER #1-2019**  
**STREET AND UTILITY IMPROVEMENTS-ALLEY NORTHWEST OF**  
**MADISON AVE (BETWEEN 2<sup>ND</sup> STREET NW AND 3<sup>RD</sup> STREET NW)**

BE IT AND IT IS HEREBY RESOLVED by the Council of the City of Ortonville to authorize Apex Engineers to approve Change Order #1 for the Street and Utility Improvements at the Alley Northwest of Madison Avenue (between 2<sup>nd</sup> Street NW and 3<sup>rd</sup> Street NW) in the amount of \$75,000.00 which includes a modular block retaining wall or a pending engineer recommendation of a cement wall.

Upon roll call vote the following voted Aye: J. Dorry, M. Dorry, Hausauer, Berger, Radermacher, Roggenbuck and the following voted Nay: None.

Resolution 19-49 passed this 15th day of July 2019.

APPROVED:

ATTEST:

\_\_\_\_\_  
Gene Hausauer  
Mayor

\_\_\_\_\_  
Debra K. Ellingson  
Deputy City Clerk

4.b. Chuck Henningson-Fire Chief-Concerns with issuing burn permits within city limits-He would like to stop issuing burn permits and have the residents utilize the tree dump. It is hard to decide how the smoke effects the surrounding neighbors, monitoring the weather, etc.

A motion was made by M. Dorry and seconded by Hausauer and passed unanimously for Chuck Henningson as the Fire Chief to not issue any burn permits during the summer months on a trial basis for one year until 4 inches of snow has fallen.

4.c.1. David McLaughlin-Resolution & Agreement-\$3,419,191 General Obligation Water Revenue Note of 2019.

**EXTRACT OF MINUTES OF A MEETING  
CITY COUNCIL OF THE  
CITY OF ORTONVILLE, MINNESOTA**

**HELD: JULY 15, 2019**

Pursuant to due call and notice thereof, a regular or special meeting of the City Council of the City of Ortonville, Big Stone County, Minnesota, was duly held at the City Hall on July 15, 2019, at 5:00 P.M., for the purpose in part of awarding the sale of a \$3,419,191 General Obligation Water Revenue Note of 2019.

The following members were present: Jake Dorry, Mike Dorry, Gene Hausauer, Ashley Berger, Paul Radermacher and Dustin Roggenbuck

and the following were absent: Kim Sykora

Member Ashley Berger introduced the following resolution and moved its adoption:

**RESOLUTION 19-50**

**RESOLUTION ACCEPTING THE OFFER OF THE MINNESOTA  
PUBLIC FACILITIES AUTHORITY TO PURCHASE A \$3,419,191  
GENERAL OBLIGATION WATER REVENUE NOTE OF 2019,  
PROVIDING FOR ITS ISSUANCE AND AUTHORIZING EXECUTION  
OF A BOND PURCHASE AND PROJECT LOAN AGREEMENT**

A. WHEREAS, the City Council of the City of Ortonville, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to Minnesota Statutes, Chapters 444 and 475, for the replacement of portions of the City's aging water main distribution system, all as detailed in the Minnesota Department of Health's certification, dated May 28, 2019 (the "Project"); and

B. WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds, to provide loans and other assistance to municipalities to fund eligible costs of construction of publicly owned drinking water systems in accordance with the federal Safe Drinking Water Act and the federal Clean Water Act; and

C. WHEREAS, the City has applied for a loan from the PFA pursuant to such program and the PFA has committed to make a loan to the City in the principal amount of \$3,419,191, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated June 4, 2019 (the "Bond Purchase and Project Loan Agreement"), a copy of which has been presented to the Council and is on file with the Clerk-Administrator; and

D. WHEREAS, the \$3,419,191 General Obligation Water Revenue Note of 2019 (the "Note") of the City is tax-exempt, and in addition the City will need to assure the tax-exemption of the PFA Bonds; and

E. WHEREAS, in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(4), the City is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State of Minnesota; and

F. WHEREAS, the City owns and operates a municipal water system (the "Water System") as a separate revenue producing public utility; and

G. WHEREAS, the net revenues of the Water System are pledged to the payment of the City's outstanding General Obligation Water Revenue Refunding Bonds, Series 2017A, in the original principal amount of \$1,075,000, dated November 15, 2017 (the "Outstanding Water Bonds"); and

H. WHEREAS, a contract or contracts for the Project have been made by the City with the approval of the PFA and all other state and federal agencies of which approval is required:

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ortonville, Big Stone County, Minnesota, as follows:

1. Acceptance of Offer; Payment. The offer of the PFA to purchase a \$3,419,191 General Obligation Water Revenue Note of 2019 of the City (the "Note"), at the rate of interest hereinafter set forth, and to pay therefor the sum of \$3,419,191 as provided below, is hereby accepted, and the sale of the Note is hereby awarded to the PFA. Payment for the Note shall be disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the Bond Purchase and Project Loan Agreement.

2. Title; Date; Denomination; Interest Rates; Maturities. The Note shall be a fully registered negotiable obligation, shall be titled "General Obligation Water Revenue Note of 2019", shall be dated as of the date of delivery and shall be issued forthwith. The Note shall be in the principal amount of \$3,419,191, or so much thereof as shall be disbursed pursuant to the Bond Purchase and Project Loan Agreement, shall bear interest on so much of the principal amount of the Note as may be disbursed and remains unpaid until the principal amount of the Note has been paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement. A principal payment of \$6,191 is due on

February 20, 2020. In addition to the February 20, 2020 principal payment, principal on the Note shall mature on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$153,000	2030	\$171,000
2021	157,000	2031	173,000
2022	158,000	2032	175,000
2023	160,000	2033	176,000
2024	161,000	2034	178,000
2025	163,000	2035	180,000
2026	165,000	2036	182,000
2027	166,000	2037	184,000
2028	168,000	2038	185,000
2029	170,000	2039	188,000

Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the Bond Purchase and Project Loan Agreement. The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Principal, interest and any premium due under the Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name the Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the Note includes amounts treated by the PFA as service fees.

3. Purpose; Cost. The proceeds of the Note shall provide funds to finance construction of the Project. The total cost of the construction of the Project, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of net revenues pledged and appropriated therefor, and all other costs necessarily incurred and to be incurred from the inception to the completion of the Project, is estimated to be at least equal to the amount of the Note. 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.

4. Redemption. The Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the PFA, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

5. Registration of Note. At the time of issuance and delivery of the Note, the officer of the City performing the functions of the clerk-administrator (the "Clerk-Administrator") shall register the Note in the name of the payee in a note register which the

Clerk-Administrator and the officer's successors in office shall maintain for the purpose of registering the ownership of the Note. The Note shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Note hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Note, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Note.

6. Form of Note. The Note, together with the Certificate of Registration attached thereto, shall be in substantially the following form:

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF BIG STONE  
CITY OF ORTONVILLE**

**\$3,419,191 GENERAL OBLIGATION WATER REVENUE NOTE OF 2019**

The City of Ortonville, Big Stone County, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of THREE MILLION FOUR HUNDRED NINETEEN THOUSAND ONE HUNDRED NINETY-ONE DOLLARS, or so much thereof as may have been disbursed, with a principal payment of \$6,191 due on February 20, 2020 and thereafter on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$153,000	2030	\$171,000
2021	157,000	2031	173,000
2022	158,000	2032	175,000
2023	160,000	2033	176,000
2024	161,000	2034	178,000
2025	163,000	2035	180,000
2026	165,000	2036	182,000
2027	166,000	2037	184,000
2028	168,000	2038	185,000
2029	170,000	2039	188,000

and to pay interest on so much of the principal amount of the debt as may be disbursed and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement.

Principal and Interest Payments. Interest shall accrue only on the aggregate amount of this Note which has been disbursed under the Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of June 4, 2019, by and between the City and the Minnesota Public Facilities Authority (the "Bond Purchase and Project Loan Agreement").

The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that if the full principal amount of this Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name this Note is registered, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the Minnesota Public Facilities Authority, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the City Charter, the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the construction of improvements to the municipal water system (the "Water System"), specifically for the replacement of portions of the City's aging water main distribution system, all as detailed in the Minnesota Department of Health's certification, dated May 28, 2019 (the "Project"); and is payable out of the PFA Debt Service Account of the Water Revenue Fund of the City, to which account have been pledged net revenues of the Water System. This Note constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the Clerk-Administrator, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Clerk-Administrator.

Fees Upon Transfer or Loss. The Clerk-Administrator may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Bond Purchase and Project Loan Agreement. The terms and conditions of the Bond Purchase and Project Loan Agreement are incorporated herein by reference and made a part hereof. The Bond Purchase and Project Loan Agreement may be attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

Qualified Tax-Exempt Obligation. This Note has been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the City Charter, 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 Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the City has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in amounts necessary to produce net revenues adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, for the years and in amounts sufficient to pay the installments of principal and interest on this Note as they respectively become due, if the net revenues from the Water System and any other revenues irrevocably appropriated to said PFA Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Ortonville, Big Stone County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the signatures of its Mayor and of its Clerk-Administrator, and the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2019.

CITY OF ORTONVILLE, BIG STONE  
COUNTY, MINNESOTA

(DO NOT SIGN)

\_\_\_\_\_  
Mayor

(DO NOT SIGN)

\_\_\_\_\_  
Clerk-Administrator

## CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF  
REGISTRATION

REGISTERED OWNER

SIGNATURE OF  
CLERK-  
ADMINISTRATOR

(do not date)

Minnesota Public Facilities  
Authority  
Saint Paul, Minnesota  
Federal Employer Identification  
No. 41-6007162

(DO NOT SIGN)

<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>



7. Execution. The Note shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Administrator; the seal of the City has been intentionally omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as such officer had remained in office until delivery.

8. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Clerk-Administrator to the purchaser thereof prior to disbursements pursuant to the Bond Purchase and Project Loan Agreement, and the purchaser shall not be obliged to see to the proper application thereof.

9. Fund and Accounts. There has heretofore been created a separate fund in the City treasury designated the Water Fund (the "Fund"). The Clerk-Administrator and all municipal officials and employees concerned therewith shall maintain financial records of the receipts and disbursements of the Water System in accordance with the resolutions establishing the Fund. The Operation and Maintenance Account heretofore established by the City for the Water System 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 Account shall constitute and are referred to as "net revenues" until the Note has been paid. There shall be maintained in the Fund the following accounts:

(a) A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the Note. The Note shall be the only source of moneys credited to the PFA Construction Account. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the moneys need not be placed in the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the PFA Construction Account shall be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Minnesota Statutes, Section 475.65, provided that such moneys shall only be expended for costs and expenses which are permitted under the Bond Purchase and Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the Project and the payment of the costs thereof, any surplus shall be transferred to the PFA Debt Service Account.

(b) A "PFA Debt Service Account", to which shall be irrevocably appropriated, pledged and credited: (i) net revenues of the Water System in an amount sufficient to pay the principal of, and interest on, the Note when due; (ii) any collection of taxes which may hereafter be levied in the event the net revenues of the Water System herein pledged for the payment of the Note are insufficient therefor; (iii) all investment earnings on moneys held in the PFA Debt Service Account; (iv) any amounts transferred from the PFA Construction Account; and (v) any other moneys which are properly available and are appropriated by the City Council to the PFA Debt Service Account. The moneys in the PFA Debt Service Account shall be used only to pay or prepay the principal of, and interest on, the Note and any other general obligation bonds hereafter issued and made payable from the PFA Debt Service Account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

No portion of the proceeds of the Note 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 Note was issued, and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or \$100,000. To this effect, any proceeds of the Note or any sums from time to time held in the PFA Construction Account, Operation and Maintenance Account or PFA Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note) 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. In addition, moneys 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 Note to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

The City shall observe the covenants of paragraphs 16, 17 and 18 of this resolution and of Article 3 of the Bond Purchase and Project Loan Agreement with regard to the Fund.

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

11. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of and connection to the Water System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note.

12. General Obligation Pledge. The full faith, credit and taxing powers of the City shall be, and are hereby, irrevocably pledged for the prompt and full payment of the principal and interest on the Note, as the same respectively become due. If the net revenues of the Water System appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the PFA Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable

property in the City sufficient to pay such principal and interest as they become due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations 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 PFA Debt Service Account when a sufficient balance is available therein.

13. Certificate of Registration. The Clerk-Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Big Stone County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

14. Bond Purchase and Project Loan Agreement. The Bond Purchase and Project Loan Agreement is hereby approved in substantially the form presented to the City Council, and in the form executed is hereby incorporated by reference and made a part of this resolution. Each and all of the provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Bond Purchase and Project Loan Agreement, and to the extent that any provision in the Bond Purchase and Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision shall control and this resolution shall be deemed accordingly modified. The City's execution and delivery of the Bond Purchase and Project Loan Agreement by the Mayor and Clerk-Administrator is hereby approved, ratified and authorized. The execution of the Bond Purchase and Project Loan Agreement by the appropriate officers shall be conclusive evidence of the approval of the Bond Purchase and Project Loan Agreement in accordance with the terms hereof. The Bond Purchase and Project Loan Agreement may be attached to the Note, and shall be attached to the Note if the holder of the Note is any person other than the PFA.

15. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note 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 Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

16. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Note 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 Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the PFA Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that it will take no actions over the term of the Note that would cause the PFA Bonds to be private activity bonds, and the average term of the Note is not longer than reasonably necessary for its governmental purpose.

17. Tax-Exempt Status of the Note; 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 Note, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Note, and (c) the rebate of excess investment earnings to the United States. The City expects to satisfy the 24 month expenditure exemption for gross proceeds of the Note as provided in Section 1.148-7(e) of the Regulations. If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Note, the Mayor, Clerk-Administrator, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Note, and all such elections shall be, and shall be deemed and treated as, elections of the City.

18. Tax-Exempt Status of the PFA Bonds; Rebate. The City with respect to the Note 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 PFA Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the PFA Bonds, and (c) the rebate of excess investment earnings to the United States. The City covenants and agrees with the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the PFA Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and Clerk-Administrator shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA. The proceeds of the Note will likewise be used in such manner that the Note is not a private activity bond under Section 103(b) of the Code.

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

- (a) the Note is issued after August 7, 1986;
- (b) the Note is not a "private activity bond" as defined in Section 141 of the Code;

(c) the City hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;

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

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

(f) the aggregate face amount of the Note 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.

20. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

21. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Jake Dorry and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Jake Dorry, Mike Dorry, Gene Hausauer, Ashley Berger, Paul Radermacher and Dustin Roggenbuck

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF BIG STONE  
CITY OF ORTONVILLE

I, the undersigned, being the duly qualified and acting Clerk-Administrator of the City of Ortonville, Minnesota DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to the \$3,419,191 General Obligation Water Revenue Note of 2019.

WITNESS my hand and City's seal on July 15, 2019.

---

Clerk-Administrator

(SEAL)

4.c.2. David McLaughlin-Resolution & Agreement-\$2,677,985 General Obligation Sewer Revenue Note of 2019.

**EXTRACT OF MINUTES OF A MEETING  
CITY COUNCIL OF THE  
CITY OF ORTONVILLE, MINNESOTA**

**HELD: JULY 15, 2019**

Pursuant to due call and notice thereof, a special meeting of the City Council of the City of Ortonville, Big Stone County, Minnesota, was duly held at the City Hall on July 15, 2019, at 5:00 P.M., for the purpose in part of awarding the sale of a \$2,677,985 General Obligation Sewer Revenue Note of 2019.

The following members were present: Jake Dorry, Mike Dorry, Gene Hausauer, Ashley Berger, Paul Radermacher and Dustin Roggenbuck.

and the following were absent: Kim Sykora

Member Radermacher introduced the following resolution and moved its adoption:

**RESOLUTION 19-50**

**RESOLUTION ACCEPTING THE OFFER OF THE MINNESOTA  
PUBLIC FACILITIES AUTHORITY TO PURCHASE A \$2,677,985  
GENERAL OBLIGATION SEWER REVENUE NOTE OF 2019,  
PROVIDING FOR ITS ISSUANCE AND AUTHORIZING EXECUTION  
OF A BOND PURCHASE AND PROJECT LOAN AGREEMENT**

I. WHEREAS, the City Council of the City of Ortonville, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to Minnesota Statutes, Minnesota Statutes, Chapters 429, 444 and 475, for the rehabilitation of portions of the City's aging wastewater collection system, all as detailed in the Minnesota Pollution Control Agency's certification, dated May 17, 2019 and May 21, 2019 (the "Project"); and

J. WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds, to provide loans and other assistance to municipalities to fund eligible costs of construction of publicly owned clean water systems in accordance with the federal Safe Water Drinking Act and the federal Clean Water Act; and

K. WHEREAS, the City has applied for a loan from the PFA pursuant to such program and the PFA has committed to make a loan to the City in the principal amount of \$2,677,985, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated June 4, 2019 (the "Bond Purchase and Project Loan Agreement"), a copy of which has been presented to the Council and is on file with the Clerk-Administrator; and

L. WHEREAS, the \$2,677,985 General Obligation Sewer Revenue Note of 2019 (the "Note") of the City is tax-exempt, and in addition the City will need to assure the tax-exemption of the PFA Bonds; and

M. WHEREAS, in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(4), the City is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State of Minnesota; and

N. WHEREAS, the City owns and operates a municipal sanitary system (the "Sewer System") as a separate revenue producing public utility; and

O. WHEREAS, the net revenues of the Sewer System are pledged to the payment of the City's outstanding General Obligation Sewer Revenue Note of 2008, in the original principal amount of \$553,407, dated June 16, 2008 (the "Outstanding Sewer Note"); and

P. WHEREAS, a contract or contracts for the Project have been made by the City with the approval of the PFA and all other state and federal agencies of which approval is required:

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ortonville, Big Stone County, Minnesota, as follows:

22. Acceptance of Offer; Payment. The offer of the PFA to purchase a \$2,677,985 General Obligation Sewer Revenue Note of 2019 of the City (the "Note"), at the rate of interest hereinafter set forth, and to pay therefor the sum of \$2,677,985 as provided below, is hereby accepted, and the sale of the Note is hereby awarded to the PFA. Payment for the Note shall be

disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the Bond Purchase and Project Loan Agreement.

23. Title; Date; Denomination; Interest Rates; Maturities. The Note shall be a fully registered negotiable obligation, shall be titled "General Obligation Sewer Revenue Note of 2019", shall be dated as of the date of delivery and shall be issued forthwith. The Note shall be in the principal amount of \$2,677,985, or so much thereof as shall be disbursed pursuant to the Bond Purchase and Project Loan Agreement, shall bear interest on so much of the principal amount of the Note as may be disbursed and remains unpaid until the principal amount of the Note has been paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement. A principal payment of \$3,485 is due on February 20, 2020. Principal on the Note shall mature on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$120,000	2030	\$134,000
2021	123,000	2031	136,000
2022	124,000	2032	137,000
2023	125,000	2033	138,000
2024	126,000	2034	140,000
2025	128,000	2035	141,000
2026	129,000	2036	142,000
2027	130,000	2037	144,000
2028	132,000	2038	145,000
2029	133,000	2039	147,500

Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the Bond Purchase and Project Loan Agreement. The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Principal, interest and any premium due under the Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name the Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the Note includes amounts treated by the PFA as service fees.

24. Purpose; Cost. The proceeds of the Note shall provide funds to finance construction of the Project. The total cost of the construction of the Project, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of net revenues pledged and appropriated therefor, and all other costs necessarily incurred and to be incurred from the inception to the



completion of the Project, is estimated to be at least equal to the amount of the Note. 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.

25. Redemption. The Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the PFA, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

26. Registration of Note. At the time of issuance and delivery of the Note, the officer of the City performing the functions of the clerk-administrator (the "Clerk-Administrator") shall register the Note in the name of the payee in a note register which the Clerk-Administrator and the officer's successors in office shall maintain for the purpose of registering the ownership of the Note. The Note shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Note hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Note, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Note.

27. Form of Note. The Note, together with the Certificate of Registration attached thereto, shall be in substantially the following form:

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF BIG STONE  
CITY OF ORTONVILLE**

**\$2,677,985 GENERAL OBLIGATION SEWER REVENUE NOTE OF 2019**

The City of Ortonville, Big Stone County, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of TWO MILLION SIX HUNDRED SEVENTY-SEVEN THOUSAND NINE HUNDRED EIGHTY-FIVE DOLLARS, or so much thereof as may have been disbursed, with a principal payment of \$3,485 due on February 20, 2020 and thereafter on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2020	\$120,000	2030	\$134,000
2021	123,000	2031	136,000
2022	124,000	2032	137,000
2023	125,000	2033	138,000

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	126,000	2034	140,000
2025	128,000	2035	141,000
2026	129,000	2036	142,000
2027	130,000	2037	144,000
2028	132,000	2038	145,000
2029	133,000	2039	147,500

and to pay interest on so much of the principal amount of the debt as may be disbursed and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2020. Interest starts accruing as of the date of the initial disbursement.

Principal and Interest Payments. Interest shall accrue only on the aggregate amount of this Note which has been disbursed under the Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of June 4, 2019, by and between the City and the Minnesota Public Facilities Authority (the "Bond Purchase and Project Loan Agreement"). The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of this Note has not been disbursed; provided that if the full principal amount of this Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name this Note is registered, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the written consent of the Minnesota Public Facilities Authority, or mandatorily as provided in the Bond Purchase and Project Loan Agreement.

Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the City Charter, the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the construction of improvements to the municipal sanitary sewer system (the "Sewer System"), specifically for the rehabilitation of portions of the City's aging wastewater collection system, all as detailed in the Minnesota Pollution Control Agency's certification, dated May 17, 2019 and May 21, 2019 (the "Project"); and is payable out of the PFA Debt Service Account of the Sewer Revenue Fund of the City, to which account have been pledged net revenues of the Sewer System. This Note constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the Clerk-Administrator, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Clerk-Administrator.

Fees Upon Transfer or Loss. The Clerk-Administrator may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer of this Note and any legal or unusual costs regarding transfers and lost notes.

Bond Purchase and Project Loan Agreement. The terms and conditions of the Bond Purchase and Project Loan Agreement are incorporated herein by reference and made a part hereof. The Bond Purchase and Project Loan Agreement may be attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

Qualified Tax-Exempt Obligation. This Note has been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the City Charter, 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 Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the City has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to the Sewer System at the times and in amounts necessary to produce net revenues, adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrevocable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, for the years and in amounts sufficient to pay the installments of principal and interest on this Note as they respectively become due, if the net revenues from the Sewer System and any other revenues irrevocably appropriated to said PFA Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any charter, constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Ortonville, Big Stone County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the signatures of its Mayor and of its Clerk-Administrator, and the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2019.

CITY OF ORTONVILLE,  
BIG STONE COUNTY, MINNESOTA

(DO NOT SIGN)

\_\_\_\_\_  
Mayor

(DO NOT SIGN)

\_\_\_\_\_  
Clerk-Administrator

# CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

DATE OF  
REGISTRATION

REGISTERED OWNER

SIGNATURE OF  
CLERK-  
ADMINISTRATOR

(do not date)

Minnesota Public Facilities  
Authority  
Saint Paul, Minnesota  
Federal Employer Identification  
No. 41-6007162

(DO NOT SIGN)

<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>

28. Execution. The Note shall be executed on behalf of the City by the signatures of its Mayor and Clerk-Administrator; the seal of the City has been intentionally omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as such officer had remained in office until delivery.

29. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Clerk-Administrator to the purchaser thereof prior to disbursements pursuant to the Bond Purchase and Project Loan Agreement, and the purchaser shall not be obliged to see to the proper application thereof.

30. Fund and Accounts. There has heretofore been created a separate fund in the City treasury designated the Sewer Fund (the "Fund"). The Clerk-Administrator and all municipal officials and employees concerned therewith shall maintain financial records of the receipts and disbursements of the Sewer System in accordance with the resolutions establishing the Fund. The Operation and Maintenance Account heretofore established by the City for the Sewer System 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 Account shall constitute and are referred to as "net revenues" until the Note has have been paid. There shall be maintained in the Fund the following accounts:

(a) A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the Note. The Note shall be the only source of moneys credited to the PFA Construction Account. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the moneys need not be placed in the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the PFA Construction Account shall be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Minnesota Statutes, Section 475.65, provided that such moneys shall only be expended for costs and expenses which are permitted under the Bond Purchase and Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the Project and the payment of the costs thereof, any surplus shall be transferred to the PFA Debt Service Account.

(b) A "PFA Debt Service Account", to which shall be irrevocably appropriated, pledged and credited: (i) the net revenues of the Sewer System in an amount sufficient to pay the principal of, and interest on, the Note when due; (ii) any collection of taxes which may hereafter be levied in the event the net revenues of the Sewer System herein pledged for the payment of the Note are insufficient therefor; (iii) all investment earnings on moneys held in the PFA Debt Service Account; (iv) any amounts transferred from the PFA Construction Account; and (v) any other moneys which are properly available and are appropriated by the City Council to the PFA Debt Service Account. The moneys in the PFA Debt Service Account shall be used only to pay or prepay the principal of, and interest on, the Note and any other general obligation bonds hereafter issued and made payable from the PFA Debt Service Account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

No portion of the proceeds of the Note 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 Note was issued, and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or \$100,000. To this effect, any proceeds of the Note or any sums from time to time held in the PFA Construction Account, Operation and Maintenance Account or PFA Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note) 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. In addition, moneys 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 Note to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

The City shall observe the covenants of paragraphs 16, 17 and 18 of this resolution and of Article 3 of the Bond Purchase and Project Loan Agreement with regard to the Fund.

31. Coverage Test; Pledge of Net Revenues; Excess Revenues. 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 of and interest on the Note and the Outstanding Sewer Note and a sum at least five percent in excess thereof. The net revenues of the Sewer System are hereby pledged on a parity lien with the Outstanding Sewer Note, but solely to the extent required to meet, together with other pledged sums, the principal and interest requirements of the Note. Excess net revenues may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the Sewer System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that estimated net revenues of the Sewer System will be sufficient, and all other sources, for the payment of the Note and such additional obligations, and any such pledge and appropriation of net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

32. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of and connection to the Sewer System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note. However, nothing herein shall preclude the City from levying taxes for the payment of the Note as permitted by Minnesota Statutes, Section 115.46.

33. General Obligation Pledge. The full faith, credit and taxing powers of the City shall be, and are hereby, irrevocably pledged for the prompt and full payment of the principal and interest on the Note, as the same respectively become due. If the net revenues of the Sewer System appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the PFA Debt Service Account shall at

any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as they become due. If the balance in the PFA Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations 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 PFA Debt Service Account when a sufficient balance is available therein.

34. Certificate of Registration. The Clerk-Administrator is hereby directed to file a certified copy of this resolution with the County Auditor of Big Stone County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

35. Bond Purchase and Project Loan Agreement. The Bond Purchase and Project Loan Agreement is hereby approved in substantially the form presented to the City Council, and in the form executed is hereby incorporated by reference and made a part of this resolution. Each and all of the provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Bond Purchase and Project Loan Agreement, and to the extent that any provision in the Bond Purchase and Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision shall control and this resolution shall be deemed accordingly modified. The City's previous execution and delivery of the Bond Purchase and Project Loan Agreement by the Mayor and Clerk-Administrator is hereby approved, ratified and authorized. The execution of the Bond Purchase and Project Loan Agreement by the appropriate officers shall be conclusive evidence of the approval of the Bond Purchase and Project Loan Agreement in accordance with the terms hereof. The Bond Purchase and Project Loan Agreement may be attached to the Note, and shall be attached to the Note if the holder of the Note is any person other than the PFA.

36. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note 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 Note 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.

37. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Note 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 Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the governmental purpose



of the issue. The City hereby covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the PFA Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that it will take no actions over the term of the Note that would cause the PFA Bonds to be private activity bonds, and the average term of the Note is not longer than reasonably necessary for its governmental purpose.

38. Tax-Exempt Status of the Note; 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 Note, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Note, and (c) the rebate of excess investment earnings to the United States. The City expects to satisfy the 24 month expenditure exemption for gross proceeds of the Note as provided in Section 1.148-7(e) of the Regulations. If any elections are available now or hereafter with respect to arbitrage or rebate matters relating to the Note, the Mayor, Clerk-Administrator, or either of them, are hereby authorized and directed to make such elections as they deem necessary, appropriate or desirable in connection with the Note, and all such elections shall be, and shall be deemed and treated as, elections of the City.

39. Tax-Exempt Status of the PFA Bonds; Rebate. The City with respect to the Note 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 PFA Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the PFA Bonds, and (c) the rebate of excess investment earnings to the United States. The City covenants and agrees with the PFA and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the PFA Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and Clerk-Administrator shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA. The proceeds of the Note will likewise be used in such manner that the Note is not a private activity bond under Section 103(b) of the Code.

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

- (a) the Note is issued after August 7, 1986;

- (b) the Note is not a "private activity bond" as defined in Section 141 of the Code;
- (c) the City hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2019 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2019 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Note 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.

41. 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.

42. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Mike Dorry and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Jake Dorry, Mike Dorry, Gene Hausauer, Ashley Berger, Paul Radermacher and Dustin Roggenbuck.

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF BIG STONE  
CITY OF ORTONVILLE

I, the undersigned, being the duly qualified and acting Clerk-Administrator of the City of Ortonville, Minnesota DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to the \$2,677,985 General Obligation Sewer Revenue Note of 2019.

WITNESS my hand and City's seal on July 15, 2019.

---

Clerk-Administrator

(SEAL)

4.c.3. David McLaughlin-MN Energy Agreement

M. Dorry moved and Radermacher seconded that the following Resolution be adopted:

**RESOLUTION 19-52**  
**RESOLUTION APPROVING AN AGREEMENT WITH MINNESOTA ENERGY**  
**RESOURCES TO INSTALL CISCO CONNECTED GRID ROUTERS TO RECORD**  
**NATURAL GAS METERS WITHIN THE CITY LIMITS**

BE IT AND IT IS HEREBY RESOLVED by the Council of the City of Ortonville that the agreement between Minnesota Energy Resources and the City of Ortonville is approved with city attorney recommendations and that the Mayor and City Clerk/Administrator are hereby authorized to execute necessary documents to carry out the intent of this resolution to install the Grid Routers for recording the natural gas meters within the city limits.

Upon roll call vote the following voted Aye: J. Dorry, M. Dorry, Hausauer, Berger, Radermacher and Roggenbuck and the following voted Nay: None.

Resolution 19-52 passed this 15<sup>th</sup> day of July 2019.

APPROVED:

ATTEST:

---

Gene Hausauer  
Mayor

---

Debra K. Ellingson  
Deputy City Clerk

4.d. Wanda Berry and Becky Parker representing the Kiwanis Group-They have received \$500.00 from the EDA to do some improvements at the Informational Kiosk on 2<sup>nd</sup> Street. They will be doing some painting and putting up a 8 x 24 sign with the new city logo. They are looking for the use of city equipment and staff to help clean rocks and edging as soon as the city crew has some time to help-probably more in the fall.

4.e. Artie Arndt-Lakeside Park Playground-Would like to see if something could be done at the children's playground at the Lakeside Park. After some discussion with the council, he mentioned that he had contacted Dillion's Lawn Service and they could lay a fresh layer of wood chips for \$300.00

A motion was made by Berger and seconded by J. Dorry and passed unanimously to have Dillions Lawn Service lay a fresh layer of wood chips for \$300.00 at the Lakeside Children's Playground.

He also mentioned that the Chamber will be putting on a small fireworks display for the MS Bike Riders on July 23<sup>rd</sup>.

**CONSENT AGENDA:**

Mayor Hausauer asked if there were any additions, corrections, or deletions to be made to the Consent Agenda.

A motion was made by Berger and seconded by J. Dorry and passed unanimously to approve the Consent Agenda as presented.

6.a.\*Approve Minutes Regular Council Meeting 7/11/19

**ACCEPTANCE OF BOARD AND COMMITTEE MINUTES AND, WHERE NECESSARY, COUNCIL ACTION ON THEIR RECOMMENDATIONS:**

8.a.\*Planning & Zoning Meeting Minutes 7/2/19

8.b.\*Street & Utility Meeting Minutes 7/10/19

**STAFF REPORTS:** (1) Scott reported that Craigs Tree Service is in town cutting down the trees in the boulevards due to the current street project.

**NEW BUSINESS:**

10.a.\*Temporary Liquor License-VFW-Aug. 17<sup>th</sup>

10.b.\*Parade Permit-BSLA C & C-August 18<sup>th</sup>

10.c.\*Gambling Permit-BSLA C & C-Aug. 18<sup>th</sup>

10.d.\*Fireworks Permit-BSLA C & C-Aug. 17<sup>th</sup>

10.e. Temporary Liquor License-Adam Ellard-July 23<sup>rd</sup> & 24<sup>th</sup>.

A motion was made by Berger and seconded by Roggenbuck and passed unanimously to approve a temporary Liquor License to Adam Ellard for July 23<sup>rd</sup> and 24<sup>th</sup> upon state approval if needed.

**UNFINISHED BUSINESS: NONE**

**CONSIDERATION OF BILLS:**

Approve Expenditures

A motion was made by J. Dorry and seconded by Roggenbuck with Berger and Radermacher abstaining and passed unanimously to approve the bills.

**EXECUTIVE SESSION: NONE**

**ADJOURNMENT:**

Meeting adjourned at 6:00 P.M.

APPROVED:

ATTEST:

\_\_\_\_\_  
Gene Hausauer  
Mayor

\_\_\_\_\_  
Debra K. Ellingson  
Deputy City Clerk