

**NEW YORK MILLS CITY COUNCIL
REGULAR MEETING
December 8, 2015
5:00 p.m.**

CALL TO ORDER AND DETERMINATION OF A QUORUM

The regular meeting of the New York Mills City Council was called to order at 5:02 p.m. in the Council Chambers of the City Hall Building at 28 Centennial 84 Dr., New York Mills, Minnesota, all members of the Council having been notified of the meeting and the business to be transacted.

Members Present Gerber, Maki, Roder, Hoaby, and Oakland

Members Absent None

Staff Present City Clerk Darla Berry, Administrative Assistant Jenny Geiser, Administrative Assistant Cheri Kopveiler, Public Works Director Kyle Mattson, Police Chief James Gritz

Guests Present NYM Dispatch Reporter Connie Vandermay, along with her minor daughter, City Treasurer Al Berube, Bob Sonnenberg

Call to Order The meeting was called to order at 5:02 p.m. A quorum was present.

Approval of Minutes A motion to approve minutes from the November 10, 2015 regular meeting was made by Hoaby and seconded by Oakland. The motion carried without a dissenting vote.

Updates/Consent Agenda – Mayor Gerber noted the updates and consent agenda items, commenting that the Continuing Disclosure Report made for a lengthy grouping of items, but included some interesting information about our City.

A motion was made by Hoaby and seconded by Oakland to approve the consent agenda. The motion carried without a dissenting vote.

Department Reports

Liquor Store Report - Manager Joan Koep was absent. Clerk Berry mentioned that Koep would be on a medical for up to six weeks, the leave had begun on Monday December 7. Financials had just been finalized this afternoon and no write up was prepared given lack of time to do so. Berry stated that the liquor store had a net loss for November, of about negative \$6,000. With Joan out now Berry was unsure of the reasons for the loss, but she speculated that perhaps some stock up on inventory had been done in anticipation of the Black Friday sale and the holidays. Berry referred the council to the written report prepared by Joan for an update on operations and events, and also a new hire.

A motion was made by Roder and seconded by Maki to approve the Liquor Store report and the new hire. The motion carried without a dissenting vote.

Fire Department Report – Chief Brasel was absent. His report was in the packet. Earlier today we learned that we had received a grant for a washer/extractor. Mayor Gerber commented on this noting that there were 116 applicants with only 25 received the grant funds.

A motion was made by Oakland and seconded by Roder to approve the Fire Department Report. The motion carried without a dissenting vote.

Mayor Gerber noted that the Fire Department had also approved its officer slate for 2016, noting that the council should approve this.

A motion was made by Hoaby and seconded by Maki to approve the election of officers for the Fire Department for 2016. The motion carried without a dissenting vote.

Police Report – Chief Gritz addressed the council. He went through his written report, noting items of interest. He noted the repairs needed on a couple of the squads in the last month and the possibility that restitution could be collected in the future on the damage to one of the squads involved in a pursuit.

A motion was made by Hoaby and seconded by Oakland to approve the Police Report. The motion carried without any dissent.

EDA Report – Mayor Gerber provided the EDA report, noting that the group met on November 17th at 8:30 a.m. She reported that the EDA discussed the status of the Sugar Creek Woodworking loan, noting that there would be a sheriff's sale of the building on December 10. The foreclosure is expected to take about six months following the sale. The balance of the revolving loan fund was \$158,440.61, with \$135,618.10 being EDA funds and the balance of \$22,822.51 being the State MIF funds. The group learned that the EDA's 2016 budget had been restored to the original amount as the group had requested. The group considered three candidates to fill the vacancy. The three interested parties had been asked to respond to some questions. Two of the candidates indicated a desire to defer any appointment for a year or so, while candidate Jason Schik had submitted written responses to the questions. The group was impressed by Schik's responses, and felt he would make a good addition to the group. The group asked that the Council approve the appointment of Jason Schik. Mark Hanson then gave the group his report. He started with an apology to the group for his lack of involvement and presence for several months. He noted his absence stemmed from his own misinterpretation and discomfort stemming from a conversation from earlier in the year, and he was at fault for not seeking to resolve this matter. He asked that he be allowed to continue with his services and offered them for no charge for six months from January through June. The group noted that his contract does extend through late April as written, nothing that a decision on contract renewal could be made at that time. Hanson acknowledged that his work on the tourism program was not really something the EDA wanted him focusing on, rather, he would focus his EDA work more on business assistance. After Hanson's report, Gerber noted that Clerk Berry updated the group on several matters that had come through her office. There was some funding returned to the City on some SCDP properties that had sold and would now be available for new projects; the owner of the Community Action building had discussed some development plans with Berry; and a business owner had contacted Berry's office for information about rental space available. That business contacted those landlords and now was open for business already in the former Straightline Graphics location on Main Street. Finally, a surveyor had contacted Berry concerning some plans for a parcel adjacent to the City, which would be the location for a new business with annexation and City services to go along with this.

A motion was made by Roder and seconded by Maki to approve the appointment of Jason Schik to the EDA and to approve the EDA report. The motion carried without a dissenting vote.

Public Works Report – Kyle Mattson addressed the Council. There was a small amount of overtime as shown in the report. He has been working on organizing things at the shop, painting piping in the water treatment plant, dealing with inspections, winterizing parks buildings, and wrapping up the pothole patching around town. He noted that with the recent snowfall the department had handled it themselves

rather than calling in a contractor. He stated that they have about a 4" threshold of snowfall that the City can deal with on its own. MN Ops has been here doing more inspections, which they state are overdue so they are working on a backlog for our City. Things are going smoothly with those. The guys will be doing a bit of training over the winter months also, primarily relating to natural gas and OSHA matters. Updates were finalized today on the SCADA systems, and things are going well. The Miller Street pumping station is now fully operational, and Kyle and his staff are very happy about this. There was a power outage on Sunday a.m. in town. Otter Tail Power found the problem and got it repaired at a substation. Kyle found a number of old Christmas lights in the shop that hadn't been used in years. He offered them to Bluffton to come and look over, and they took most of them. Some candle lights remain if anyone would like to come and take those. Kyle referred to his report and the information included on a snow pusher. He explained the added capacity that the pusher would add over what the bucket can handle, with 2.5 yards with the bucket and 15 yards with the snow pusher. The bucket is 8' wide, while the snow pusher is 14' wide. Purchasing the bucket will save money as the City will be able to handle larger snowfalls itself without calling in a contractor. We will still need a contractor to remove piled snow. This is a good investment and has a 10 year warranty. Roder commented that Kyle had done a good job on this proposal and felt it made good sense.

A motion was made by Roder and seconded by Hoaby to approve the Public Works report along with the purchase of the snow pusher as proposed. The motion carried without a dissenting vote.

Public Forum

At about 5:33 p.m., Mayor Gerber asked whether anyone present wished to address the council. Bob Sonnenberg stepped forward to update the Council about the Park Boards work on the "Barn" shelter being planned for the Sculpture Park. Sonnenberg passed around some drawings of the plans for the barn. He discussed the timeframe and the budget as well as how the fundraising is going. The group involved in the planning includes Bob along with Dick Lausten, Sarah Carlson (Interior Designer), Matt Radnieki, Kyle Mattson, and Betsy Roder. The group plans to wait until spring and then construction will get underway, with completion by next Halloween. The structure will be a two story "barn" building with a 24' X 36' footprint. The lower level will include plumbed bathrooms and will be enclosed on three sides. The upper level will include a classroom type space that will be available for groups to use. Oakland asked why the plans are for a two story structure. Sonnenberg responded that the barn design fits in with the community and its farming roots. It may have a silo in the future, and if an elevator is needed that would be added within a silo structure. The group has about \$35,000 pledged to date, which should be enough to get it built. Additional features will be incorporated as fundraising allows. Sonnenberg estimates that the total budget with all options completed could be \$70,000, although one estimate puts it lower at \$50,000. Water, sewer, natural gas, and electricity will all be included. The facility would be winterized in the fall and not heated or used in the winter. Some discussion ensued when Berry asked how the facility would be managed once it is completed. She asked whether there would be a reservation system needed, a rental rate determined, and how that would work. The Cultural Center would not be the entity to manage this, rather it would fall on the City. Berry noted that there would be details to be decided on how the use would be managed, which groups would be entitled to use it, what the costs would be, if free use would be allowed for some groups and if so, which groups. A rental fee schedule and a reservation process would be needed if it would be operated like the Ballroom is. There are a number of things to think about and work out if this will be turned over to the City and will impact the City's budget in terms of ongoing operations and maintenance costs and staff time. Sonnenberg explained that this group is all about the fundraising and building and would not want an ongoing role. The presentation ended at 5:48 p.m. and Mayor Gerber thanked Mr. Sonnenberg for his attendance and presentation.

Administration Report – Berry addressed the Council and referred to her report. There was discussion as to the sign for City Hall. No decision was made; rather, Berry will seek additional bids on doing a backlit sign instead of neon or led. Those to be contacted include Norton Printing/Signs Plus; Straightline Graphics; J&H Signs; and another sign company located in Detroit Lakes, which Oakland suggested we check with although he couldn't recall the exact name, something like "Lakes Signs". Berry asked about closing early on Christmas Eve, and several comments were made we shouldn't even be open at all and so we can close at noon if we choose. She noted that there will be a sign up earlier that week to inform the public. Berry noted that she was seeking approval to attend the annual MCFOA conference in March, noting that often the registration materials don't arrive until just after the January council meeting with an early bird registration date generally occurring before the February council meeting. Berry explained the lock on natural gas prices that she and Kyle decided to agree to. It is very favorable pricing but is not in place until next fall. We will look at our natural gas prices in mid to late summer to lower them. In the meantime our rates do not need to be adjusted. Berry finally mentioned the three new bonds that will not cash flow in 2016 as budgeted earlier as the special assessments will not be received in 2016. Berry noted that she has adjusted the budget from what was included in earlier versions to reflect interfund loans from the general fund of \$40,000 and from the capital projects reserve fund of \$40,000 to the new debt service funds to be in place in 2016 for debt servicing. Those loans will be paid back as revenues permit. Berry told the Council that health insurance renewals bids had come in, and in fact the rates were lower than current rates; however, as each employee has now aged a year, they will move into the next year rate, and so we could experience a slight increase overall. But the rates for each age dropped. Berry has not had the chance yet to plug the new rates in to our census to determine if costs are up or not. But this is much better than we had expected. According to our HR consultant Al Roth, rates for large employer groups jumped in some cases as much as 50%; small groups such as ours generally experienced a very low increase if any.

A motion was made by Hoaby and seconded by Oakland to approve the administration report as presented as well as early closing of the City Offices on December 24th and for Berry to attend the MCFOA annual conference in March. The motion carried without a dissenting vote.

Old Business

Issuance of \$302,000 G.O. Refunding Bonds, Series 2016A

The refunding of two of the City's bonds is proceeding in early January. There is a bit of paperwork that needs signatures of both Mayor Gerber and Clerk Berry. The Council should authorize them to sign the needed paperwork. Also, the following Resolution is presented for consideration:

RESOLUTION NO. 12-08-2015

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$302,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016A, PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of New York Mills, Minnesota (the "City"), hereby determines and declares that it is necessary and expedient to provide moneys for a current refunding of the City's (i) \$315,000 original principal amount of General Obligation Utility Revenue Bonds, Series 2008A, dated July 1, 2008 (the "Prior 2008A Bonds") and (ii) \$330,000 original principal amount of General Obligation Improvement Bonds, Series 2009B, dated June 1, 2009 (the "Prior 2009B Bonds"); and

B. WHEREAS, the current refunding (i) on January 13, 2016 (the "Prior 2008A Bonds Call Date") of \$190,000 principal amount of the Prior 2008A Bonds maturing or subject to mandatory redemption on and after January 13 2016 (the "Refunded 2008 Bonds"); and (ii) on February 1, 2016 (the "Prior 2009B Bonds Call Date") of \$125,000 principal amount of the Prior 2009B Bonds maturing on and after February 1, 2017 (the "Refunded 2009 Bonds" and, together the Refunded 2009 Bonds, the "Refunded Bonds"), 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

C. WHEREAS, the City Council hereby determines and declares that it is necessary and expedient to issue \$302,000 General Obligation Refunding Bonds, Series 2016A (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for the current refunding of the Refunded Bonds; and

D. WHEREAS, the City owns and operates a municipal water system (the "System") and a separate revenue producing public utility and the net revenues of the System are pledged to the payment of the outstanding (i) \$206,096 original principal amount of General Obligation Water Revenue Note of 2010, dated October 21, 2010, (ii) \$1,373,065 original principal amount of General Obligation Water Revenue Note of 2015, dated August 28, 2015; and together with the net revenues of the municipal sanitary sewer system (the "Sewer System") are also pledged to the payment of (iii) \$1,015,000 original principal amount of General Obligation Sewer and Water Revenue Refunding Bonds, Series 2009A, dated March 1, 2009 (the notes described in (i) and (ii) are referred herein as the "Water Notes" and the bonds described in (iii) are referred herein as the (the "Sewer and Water Bonds"); and

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

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of New York Mills, Minnesota, as follows:

1. Acceptance of Offer. The offer of Farmers & Merchants State Bank of New York Mills, Inc. New York Mills, Minnesota, , to purchase the Bonds and to pay therefor the sum of \$302,000, all in accordance with the terms and at the rate of interest hereinafter set forth, and to pay therefor the sum of par is hereby accepted.

2. Bond Terms.

(a) Original Issue Date; Denominations; Maturities; Interest. The Bonds dated January 12, 2016, as the date of original issue, shall be issued forthwith on or after such date in fully registered form, shall be numbered R-1 in the denomination of \$164,000, maturing on February 1, 2019 and bearing interest at 1.55%, and R-2 in the denomination of \$138,000, maturing on February 1, 2023 and bearing interest at 2.25%. The Bonds shall bear interest payable semiannually on February 1 and August 1 of each year (each, an "Interest Payment

Date"), commencing August 1, 2016, calculated on the basis of a 360-day year of twelve 30-day months.

3. Allocation of Bonds to Prior 2008A Bonds and Prior 2009B Bonds; Allocation of Prepayments to Portions of Debt Service. The aggregate principal amount of \$174,000 maturing in each of the years and amounts hereinafter set forth are issued to refund the Prior 2008A Bonds (the "Prior 2008A Bonds Refunding Portion"). The aggregate principal amount of \$128,000 maturing in each of the years and amounts hereinafter set forth are issued to refund the Prior 2009B Bonds (the "Prior 2009B Bonds Refunding Portion"):

<u>Year</u>	<u>Prior 2008A Bonds Refunding Portion</u>	<u>Prior 2009B Bonds Refunding Portion</u>
2019	\$66,000	\$98,000
2023	\$108,000	\$30,000

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 is the general fund of the City, or other generally available source, the prepayment may be allocated to any of the portions of debt service in such amounts as the City shall determine. If the source of a prepayment is net revenues of the System pledged to the Prior 2008A Bonds, the prepayment shall be allocated to the Prior 2008A Bonds Refunding Portion of debt service. If the source of a prepayment is special assessments or taxes pledged to the Prior 2009B Bonds, the prepayment shall be allocated to the Prior 2009B Bonds Refunding Portion of debt service.

4. Purpose; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded 2008 Bonds and the Refunded 2009 Bonds (collectively, the "Refundings"). 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.

5. No Optional Redemption. The Bonds shall not be subject to redemption and prepayment prior to their stated maturity dates.

6. Registrar. The Clerk, of the City of New York Mills, Minnesota, is appointed to act as registrar with respect to the Bonds (the "Registrar"), and shall do so unless and until a successor Registrar is duly appointed, all pursuant to any contract the City and Registrar shall execute which is consistent herewith. The 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.

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
OTTER TAIL COUNTY
CITY OF NEW YORK MILLS

R-1 \$164,000

GENERAL OBLIGATION REFUNDING BOND, SERIES 2016A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
1.55%	February 1, 2019	January 12, 2016	

REGISTERED HOLDER: FARMERS & MERCHANTS STATE BANK OF NEW YORK MILLS, INC.

PRINCIPAL AMOUNT: ONE HUNDRED SIXTY FOUR THOUSAND DOLLARS

The City of New York Mills, Otter Tail County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Holder"), in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2016, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. At the time of final payment of all principal and interest on this Bond, the Holder shall surrender this Bond to the Clerk, City of New York Mills, Minnesota (the "Registrar"). Interest will be paid on each Interest Payment Date by check or draft mailed to the Holder:

No Optional Redemption. All Bonds of this issue (the "Bonds") shall not be subject to redemption and prepayment prior to their stated maturity dates.

Mandatory Redemption. The Bond shall be redeemed by lot in the following years and principal amounts, without any premium, plus accrued interest thereon to such redemption dates (after any credits are made as provided below):

Mandatory Redemption Schedule
February 1, 2019 Term Bond

<u>Year</u>	<u>Amount</u>
2017	\$59,000
2018	53,000

2019
(maturity) 52,000

or, if less than such amount is then outstanding, an amount equal to the aggregate principal amount of the Bond then outstanding.

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$302,000 (the "Bonds"), all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, 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 December 8, 2015 (the "Resolution"), for the purpose of providing funds sufficient for a current refunding of certain outstanding general obligation bonds of the Issuer. This Bond is payable out of the Debt Service Account of the Issuer's General Obligation Refunding Bonds, Series 2016A Fund. 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 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 Registrar. Copies of the Resolution are on file in the principal office of the Registrar.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding lost Bonds.

Treatment of Registered Holders. The Issuer and 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 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 Registrar.

Drafted Minutes
December 9, 2015

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as a "qualified tax-exempt obligations" 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 Bonds, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; and 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 (the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Prior 2008A Bonds Refunding Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Prior 2008A Bonds Refunding Portion of the Bonds; and that the Issuer will levy a direct, annual, irrepealable 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 Prior 2008A Bonds 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 New York Mills, Otter Tail County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the manual signatures of its Mayor and its Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

CITY OF NEW YORK MILLS
OTTER TAIL COUNTY, MINNESOTA

December 1, 2015

REGISTRABLE BY AND PAYABLE AT:
OFFICE OF THE CLERK-CITY OF NEW
YORK, MILLS, MINNESOTA

By _____
Mayor

By _____
Clerk

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 Transfers to Minors Act
(State)

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: _____

REGISTER OF PARTIAL PAYMENTS

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

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

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

UNITED STATES OF AMERICA
STATE OF MINNESOTA
OTTER TAIL COUNTY
CITY OF NEW YORK MILLS

R-2 \$138,000

GENERAL OBLIGATION REFUNDING BOND, SERIES 2016A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
2.25%	February 1, 2023	January 12, 2016	

REGISTERED HOLDER: FARMERS & MERCHANTS STATE BANK OF NEW YORK MILLS, INC.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY EIGHT THOUSAND DOLLARS

The City of New York Mills, Otter Tail County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns duly certified on the Certificate of Registration attached to and made a part of this Bond (the "Holder"), in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon semiannually on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing August 1, 2016, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. At the time of final payment of all principal and interest on this Bond, the Holder shall surrender this Bond to the Clerk, City of New York Mills, Minnesota (the "Registrar"). Interest will be paid on each Interest Payment Date by check or draft mailed to the Holder:

No Optional Redemption. All Bonds of this issue (the "Bonds") shall not be subject to redemption and prepayment prior to their stated maturity dates.

Mandatory Redemption. The Bond shall be redeemed by lot in the following years and principal amounts, without any premium, plus accrued interest thereon to such redemption dates (after any credits are made as provided below):

Mandatory Redemption Schedule
February 1, 2023 Term Bond

<u>Year</u>	<u>Amount</u>
2020	\$55,000
2021	25,000

2022	29,000
2023 (maturity)	29,000

or, if less than such amount is then outstanding, an amount equal to the aggregate principal amount of the Bond then outstanding.

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$302,000 (the "Bonds"), all of like date of original issue and tenor, except as to number, maturity, interest rate and denomination, 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 December 8, 2015 (the "Resolution"), for the purpose of providing funds sufficient for a current refunding of certain outstanding general obligation bonds of the Issuer. This Bond is payable out of the Debt Service Account of the Issuer's General Obligation Refunding Bonds, Series 2016A Fund. 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 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 Registrar. Copies of the Resolution are on file in the principal office of the Registrar.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding lost Bonds.

Treatment of Registered Holders. The Issuer and 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 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 Registrar.

Drafted Minutes
December 9, 2015

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as a "qualified tax-exempt obligations" 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 Bonds, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; and 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 (the "System") at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Prior 2008A Bonds Refunding Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Prior 2008A Bonds Refunding Portion of the Bonds; and that the Issuer will levy a direct, annual, irrepealable 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 Prior 2008A Bonds 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 New York Mills, Otter Tail County, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the manual signatures of its Mayor and its Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

CITY OF NEW YORK MILLS
OTTER TAIL COUNTY, MINNESOTA

December 1, 2015

REGISTRABLE BY AND PAYABLE AT:
OFFICE OF THE CLERK-CITY OF NEW
YORK, MILLS, MINNESOTA

By _____
Mayor

By _____
Clerk

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 Transfers to Minors Act
(State)

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: _____

REGISTER OF PARTIAL PAYMENTS

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

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

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

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

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

10. Fund and Accounts. For the convenience and proper administration of the moneys to be borrowed and repaid on the Bonds, and to make adequate and specific security to the Purchaser and holders from time to time of the Bonds, there is hereby created a special fund to be designated the "General Obligation Refunding Bonds, Series 2016A Fund" (the "Fund") to be administered and maintained by the Clerk 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 herein authorized and the interest thereon shall have been fully paid. The Operation and Maintenance Account (the "Operation and Maintenance Account") 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 Account shall constitute and are referred to as "net revenues" until the Bonds have been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all net revenues of the System as hereinafter set forth. The Clerk 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 and maintained accounts of the Fund for the purposes as follows:

(a) Redemption Accounts. (i) \$173,709.07 in proceeds of the sale of the Prior 2008A Refunding Portion of the Bonds shall be deposited in the General Obligation Improvement Bonds of 2008A Debt Service Account heretofore created by the Prior 2008A Resolution for the Prior 2008A Bonds (the "Prior 2008A Bonds Redemption Account"), which amount, together with all other funds held therein is sufficient to prepay the Prior 2008A Refunding Portion of the Bonds on the Prior 2008A Bonds Call Date and to pay costs of issuing the Prior 2008A Refunding Portion of the Bonds; and (ii) \$128,048.68 in proceeds of the sale of the Prior 2009B Bonds Refunding Portion of the Bonds shall be deposited in the Debt Service Account of the General Obligation Sewer Revenue Bonds of 2009B Fund heretofore created by the Prior 2009B Resolution (the "Prior 2009B Bonds Redemption Account" and, together with the Prior 2008A Bonds Redemption Account, the "Redemption Accounts"), which amount, together with all other funds held therein is sufficient to prepay the Prior 2009B Bonds Refunding Portion of the Bonds on the Prior 2009B Bonds Call Date and to pay costs of issuing the Prior 2009B Bonds Refunding Portion of the Bonds. The deposits into the Redemption Accounts, together with all other funds held therein, are sufficient to prepay the Refunded Bonds on their respective Call Dates and to pay costs of issuing the Bonds. _

(b) Debt Service Account. There shall be maintained the following separate subaccounts in the Debt Service Account to be designated the "Improvement Debt Service Subaccount" and the "Water Revenue 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) Improvement Debt Service Subaccount. To the Improvement Debt Service Subaccount there is hereby pledged and irrevocably appropriated and there shall be credited: (1) after the Prior 2009B Bonds Call Date, all uncollected special assessments pledged to the payment of the Prior 2009B Bonds; (2) any collections of all taxes heretofore or hereafter levied for the payment of the Prior 2009B Bonds and interest thereon which are not needed to pay the Prior 2009B Bonds as a result of the Refunding; (3) all investment earnings on funds in the Improvement Debt Service Subaccount; and (4) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Debt Service Subaccount. The amount of any surplus remaining in the Improvement Debt Service Subaccount when the Prior 2009B Bonds Refunding Portion of the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4. The moneys in the Improvement Debt Service Subaccount shall be used solely to pay the principal of and interest on the Prior 2009B Bonds Refunding Portion of the Bonds or any other bonds hereafter issued and made payable from the Fund.

(ii) Water Revenue Debt Service Subaccount. To the Water Revenue Debt Service Subaccount there is hereby pledged and irrevocably appropriated and there shall be credited: (1) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the account sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Prior 2008A Bonds Refunding Portion of the Bonds; (2) any collections of all taxes which may hereafter be levied in the event the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the Prior 2008A Bonds Refunding Portion of the Bonds are insufficient therefor; (3) any balance remaining after the Prior 2008A Bonds Call Date in the Debt Service Account of the General Obligation Utility Revenue Bonds of 2008A Fund created by the Prior 2008A Resolution; (4) all investment earnings on funds in the Water Revenue Debt Service Subaccount; and (5) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Water Revenue Debt Service Subaccount. The amount of any surplus remaining in the Water Revenue Debt Service Subaccount when the Prior 2008A Bonds Refunding Portion of the Bonds are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

The moneys in the Debt Service Account shall be used solely to pay the principal of and interest on the Bonds or any other bonds hereafter issued and made payable from the Fund. 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 Fund (or any other City account which will be used to pay principal and interest to become due on the Bonds) in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard as to yield shall not be invested in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. In addition, the proceeds of the Bonds and 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 federal Internal Revenue Code of 1986, as amended (the "Code").

11. Covenants Relating to the Prior 2009B Bonds Refunding Portion of the Bonds.

(a) Special Assessments. The City has heretofore levied special assessments pursuant to the Prior 2009B Resolution, which were pledged to the payment of the principal and interest on the Prior 2009B Bonds and, after the Prior 2009B Bonds Call Date, the uncollected special assessments for the Prior 2009B Bonds are now pledged to the payment of principal and interest on the Prior 2009B Bonds Refunding Portion of the Bonds. The special assessments are such that if collected in full they, together with estimated collections of taxes herein pledged for the payment of the Prior 2009B Bonds Refunding 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 Prior 2009B Bonds Refunding Portion of the Bonds. The special assessments were levied as provided below, payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at the rate shown opposite such years:

<u>Improvement Designations</u>	<u>Amounts</u>	<u>Interest Rate</u>	<u>Collection Years</u>
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See attached schedule

(b) Tax Levy; Coverage Test; Cancellation of Certain Tax Levies. To provide moneys for payment of the principal and interest on the Prior 2009B Bonds Refunding Portion of the Bonds, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Years of Tax Levy</u>	<u>Years of Tax Collection</u>	<u>Amounts</u>
--------------------------	--------------------------------	----------------

See attached schedule

The tax levies are such that if collected in full they, together with estimated collections of special assessments and any other revenues herein pledged for the payment of the Prior 2009B Bonds Refunding 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 Prior 2009B Bonds Refunding Portion of the Bonds. The tax levies shall be irrevocable so long as any of the Prior 2009B Bonds Refunding Portion of the Bonds are outstanding and unpaid, provided that the City

reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

Upon payment of the Prior 2009B Bonds, the taxes levied in the Prior 2009B Resolution authorizing the issuance of the Prior 2009B Bond for the years 2016 to 2018 shall be canceled.

(c) General Obligation Pledge. For the prompt and full payment of the principal and interest on the Prior 2009B Bonds Refunding Portion of 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 Improvement Debt Service Subaccount is ever insufficient to pay all principal and interest then due on the Prior 2009B Bonds Refunding Portion of 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 Improvement Debt Service Subaccount when a sufficient balance is available therein.

12. Covenants Relating to the Prior 2008A Bonds 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 of and interest on the Bonds and the Water Notes and a sum at least five percent in excess thereof. The net revenues of the System and the Sewer System are sufficient to pay the Sewer and Water Bonds and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity lien with the Water Notes and the Sewer and Water Bonds, but solely to the extent required to meet the principal and interest requirements of the Bonds. 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 estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the Bonds 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.

(b) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Prior 2008A Bonds Refunding Portion 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 Prior 2008A Bonds 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".

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

(d) General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Prior 2008A Bonds Refunding Portion of 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 Water Revenue Debt Service Subaccount is ever insufficient to pay all principal and interest then due on the Prior 2008A Bonds Refunding Portion of the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the City which are available for such purpose, and such other funds may be reimbursed without interest from the Water Revenue Debt Service Subaccount when a sufficient balance is available therein.

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

14. 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 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.

15. Redemption of Refunded Bonds. The Clerk is hereby authorized and directed to give mailed notices of redemption prior to the Prior 2008A Bonds Call Date and the Prior 2009B Bonds Call Date, to the paying agents for the Refunded Bonds, in substantially the forms attached hereto as Exhibits A and B and the Refunded Bonds shall be redeemed and prepaid on the their respective Call Dates in accordance with the terms and conditions set forth in the Notices of Call for Redemption, which terms and conditions are hereby approved and incorporated herein by reference.

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

17. 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.

18. Negative Covenant as to Use of Proceeds and Projects. The City hereby covenants not to use the proceeds of the Bonds or to use the projects originally financed by the Prior Bonds, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Projects, 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.

19. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

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

- (a) the Bonds are issued by a governmental unit with general taxing powers;
- (b) no Bond is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Bonds are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Bonds are issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code;

Furthermore:

(e) with respect to the Prior 2008A Bonds Refunding Portion and the Prior 2009B Bonds Refunding Portion 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 2008 Bonds and the Refunded 2009 Bonds were 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 Prior 2008A Refunding Portion does not exceed the average maturity of the Prior 2008 Bonds;

(i) the average maturity of the Prior 2009B Bonds Refunding Portion does not exceed the average maturity of the Prior 2009 Bonds; and

(j) no part of the Prior 2008A Bonds Refunding Portion or the Prior 2009B Bonds Refunding Portion has a maturity date which is later than the date which is thirty years after the date the Refunded 2008 Bonds or the Refunded 2009 Bonds were issued; and

20. 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 the calendar year 2016 will not exceed \$10,000,000; and

(e) not more than \$10,000,000 of obligations issued by the City during the calendar year 2016 have been designated for purposes of Section 265(b)(3) of the Code;

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

Furthermore:

(g) each of the Refunded 2008 Bonds or the Refunded 2009 Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;

(h) the combined average maturity of the Prior 2008A Bonds Refunding Portion and Prior 2009B Bonds Refunding Portion of the Bonds does not exceed the remaining combined average maturity of the Refunded 2008 Bonds or the Refunded 2009 Bonds;

(i) no part of the Prior 2008A Bonds Refunding Portion and Prior 2009B Bonds Refunding Portion of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded 2008 Bonds or the Refunded 2009 Bonds were issued; and

(j) the Prior 2008A Bonds Refunding Portion and Prior 2009B Bonds Refunding Portion of the Bonds are issued to refund, and not to "advance refund" the Prior 2008A Bonds or the Prior 2009B 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 Prior 2008A Bonds Refunding Portion and the Prior 2009B Bonds Refunding Portion does not exceed the outstanding amount of the Prior 2008 Bonds or the Prior 2009 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.

21. Supplemental Resolution. The Prior Resolutions are hereby supplemented to the extent necessary to give effect to the provisions hereof.

22. 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.

23. 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 8th day of December, 2015, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla Berry, City Clerk

Drafted Minutes
December 9, 2015

STATE OF MINNESOTA

COUNTY OF OTTER TAIL

CITY OF NEW YORK MILLS

I, the undersigned, being the duly qualified and acting Clerk of the City of New York Mills, 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 providing for the issuance and awarding the sale of \$302,000 General Obligation Refunding Bonds, Series 2016A.

WITNESS my hand on January _____, 2016.

City Clerk

EXHIBIT A
NOTICE OF CALL FOR REDEMPTION
GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2008A
CITY OF NEW YORK MILLS, OTTER TAIL COUNTY, MINNESOTA
NOTICE IS HEREBY GIVEN that by order of the City Council of the City of New York Mills, Otter Tail County, Minnesota, there have been called for redemption and prepayment on

January 13, 2016

those outstanding bonds of the City designated as General Obligation Utility Revenue Bonds, Series 2008A, dated as of July 1, 2008, having stated maturity dates or subject to mandatory redemption in the years 2016 through 2023, inclusive, and totaling \$190,000 in principal amount and having CUSIP numbers listed below:

<u>Year</u>	<u>CUSIP Number*</u>	<u>Amount</u>	<u>Rate</u>
2016	649551 GP7	\$20,000	4.00
2023	649551 GQ5	170,000	4.65

The bonds are being called at a price of par plus accrued interest to January 13, 2016, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment, at U.S. Bank National Association, Attention: Paying Agent Services, 60 Livingston Avenue, St. Paul, Minnesota 55107.

Dated: December 8, 2015

BY ORDER OF THE CITY COUNCIL

Darla Berry, City Clerk

*The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holders.

EXHIBIT B
NOTICE OF CALL FOR REDEMPTION
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2009B
CITY OF NEW YORK MILLS, OTTER TAIL COUNTY, MINNESOTA
NOTICE IS HEREBY GIVEN that by order of the City Council of the City of New York Mills, Otter Tail County, Minnesota, there have been called for redemption and prepayment on

February 1, 2016

those outstanding bonds of the City designated as General Obligation Improvement Bonds, Series 2009B, dated as of June 1, 2009, having stated maturity dates or subject to mandatory redemption in the years 2017 through 2020, inclusive, and totaling \$125,000 in principal amount and having CUSIP numbers listed below:

<u>Year</u>	<u>CUSIP Number*</u>	<u>Amount</u>	<u>Rate</u>
2020	649551 GZ5	\$125,000	4.75

The bonds are being called at a price of par plus accrued interest to February 1, 2016, on which date all interest on the bonds will cease to accrue. Holders of the bonds hereby called for redemption are requested to present their bonds for payment, at the office of U.S. Bank National Association, Attention: Paying Agent Services, 60 Livingston Avenue, St. Paul, Minnesota 55107.

Dated: December 8, 2015

BY ORDER OF THE CITY COUNCIL

Darla Berry, City Clerk

*The City shall not be responsible for the selection of or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in the notice. They are included solely for the convenience of the holders.

Attachment to Resolution

Assessments and Tax Levy

A motion was made by Maki and seconded by Oakland to approve Resolution No. 12-08-2015 as presented. Also, Maki motioned and Oakland seconded a motion to authorize Mayor Gerber and Clerk Berry to sign all the necessary paperwork for this bond refunding. Both motions carried without a dissenting vote.

Update on Nicholson Matter –City Attorney Happel did not attend. He phone Clerk Berry earlier and explained that the Judge has scheduled a meeting on December 21 so that she can talk to both parties and determine how to proceed. The meeting will likely be a phone conference.

Public Meeting – Truth in Taxation – At 6:01 p.m., the regular meeting was recessed for the Public Meeting.

The regular meeting resumed at 6:25 p.m.

New Business

Final 2016 Budget/Levy Discussion/2015 2nd Half Transfers and 2016 Budgeted Transfers – Clerk Berry asked the council if they had any discussion or questions concerning the Public Hearing presentation. There were none.

A motion was made by Hoaby and seconded by Roder to approve the 2016 levy of \$424,900, the 2016 budget, and the 2016 transfers as presented. The motion carried without a dissenting vote.

A motion was made by Hoaby and seconded by Oakland to approve the second half 2015 transfers as presented. The motion carried without a dissenting vote.

License Renewals for 2016 – Berry noted that the handout included those license holders that have been approved for the licenses in previous years. Approval is sought so that letters and forms can be sent out and license renewals can be processed and submitted to the State in sufficient time so there is no gap in licensing.

A motion was made by Oakland and seconded by Hoaby to approve the license renewals as listed. The motion carried without a dissenting vote.

Proposed Utility Rate Schedule – Berry noted that the new rates listed on the handout reflect a 5% increase to water and sewer base rates and usage rates. They would be effective January 1, 2016, and so would appear on billings for January utilities billed in early February 2016. The 5% increase is done annually to keep up with rising costs and to help with debt on the 2015 street project.

A motion was made by Hoaby and seconded by Roder to approve the new utility rate schedule as presented. The motion carried without a dissenting vote.

Donations from Area Baseball Associations – The following Resolution was presented for consideration:

**CITY OF NEW YORK MILLS,
MINNESOTA**

RESOLUTION NO. 12-08-2015a

RESOLUTION ACKNOWLEDGING CASH DONATIONS TO THE CITY OF NEW YORK MILLS PARK BOARD FROM NEW YORK MILLS BABE RUTH BASEBALL 14/15 YEAR DIVISION, BABE RUTH BASEBALL 13 YEAR DIVISION, AND AMERICAN LEGION BASEBALL, SSS POST 116

WHEREAS, the City of New York Mills has received three donations from three area baseball groups, as follows:

1. \$133.33 for the Park Board for the improvements to the Lund Park ball fields from the Babe Ruth Baseball 14/15 Year Division;
2. \$133.33 for the Park Board for the improvements to the Lund Park ball fields from the Babe Ruth Baseball 13 Year Division; and
3. \$133.34 for the Park Board for the improvements to the Lund Park ball fields from the American Legion Baseball SSS Post 116.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA THAT: the City Council of the City of New York Mills acknowledges and accepts the cash donations totaling \$400 from these three area baseball groups.

Adopted this 8th day of December, 2015, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla Berry, City Clerk

A motion was made by Roder and seconded by Oakland to approve Resolution No. 12-08-2015a as presented. The motion carried without a dissenting vote.

Donation for Park Board – The following resolution was presented for consideration:

**CITY OF NEW YORK MILLS,
MINNESOTA**

RESOLUTION NO. 12-08-2015b

RESOLUTION ACKNOWLEDGING CASH DONATIONS TO THE CITY OF NEW YORK MILLS PARK BOARD FROM ROBERT E. SONNENBERG

WHEREAS, the City of New York Mills has received a cash donation of \$5,000 for the Park Board for a new shelter to be constructed in the Sculpture Park, known as “The Barn”.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA THAT: the City Council of the City of New York Mills acknowledges and accepts the cash donation of \$5,000 from Robert Sonnenberg for the Park Board for “the Barn” shelter project at the Sculpture Park.

Adopted this 8th day of December, 2015, by the City Council of the City of New York Mills.

Julie L. Gerber, Mayor

Darla Berry, City Clerk

A motion was made by Maki and seconded by Oakland to approve Resolution No. 12-08-2015b as presented. The motion carried without a dissenting vote.

Future Meeting Dates –The regular meetings are scheduled for Monday, January 12, 2016, at 4:30 p.m., and Tuesday, February 9, 2016, as 4:30 p.m.

Payment of Claims -- Mayor Gerber noted that the bills are as in the packet, with no additional bills being presented for payment.

A motion was made by Hoaby and seconded by Oakland to approve the payment of bills. The motion carried without a dissenting vote.

Financial Reports

A motion was made by Oakland and seconded by Maki to approve the financial reports. The motion carried without a dissenting vote.

Adjournment

A motion was made by Oakland and seconded by Maki to adjourn. The motion carried without a dissenting vote.

The meeting was adjourned at 6:51 p.m.

Respectfully submitted by,

Darla Berry
City Clerk