

**CITY OF PINE ISLAND
250 SOUTH MAIN STREET
PINE ISLAND, MN 55963**

SPECIAL CITY COUNCIL MEETING

Monday, July 28, 2014

Second Floor – City Hall

7:00 PM

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PUBLIC WORKS & ENGINEERING
 - A. Resolution 14-026 Approve G.O. Crossover Refunding Bonds, 2014B
 - B. Master Agreement with DCL Partners, LLC
- IV. PUBLIC INPUT
- V. ADJOURN

All Council Meetings are audio tape-recorded.

Pine Island City Council Agenda is available on line:

City Council agendas and support documents available in electronic form and are posted on the Pine Island City Web Site www.pineislandmn.com under **GOVERNMENT TAB** in .pdf file format.

* ITEMS LISTED ON THE CONSENT AGENDA ARE CONSIDERED ROUTINE. THERE WILL BE NO SEPARATE DISCUSSION ON THESE ITEMS UNLESS A COUNCIL MEMBER, CITY STAFF, OR CITIZEN REQUESTS, IN WHICH CASE, THE ITEM WILL BE CONSIDERED IN ITS NORMAL SEQUENCE ON THE AGENDA. If you need special accommodation to participate in the meeting, please contact City Hall at 507-356-4591 at least five (5) business days before the meeting.

Extract of Minutes of Meeting
of the City Council of the City of
Pine Island, Goodhue and Olmsted Counties, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Pine Island, Minnesota, was duly held in the City Hall in said City on Tuesday, July 28, 2014, commencing at 7:00 P.M.

The following members were present:

and the following were absent:

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The Mayor announced that the next order of business was consideration of a proposal which had been received for the purchase of the City's General Obligation Crossover Refunding Bonds, Series 2014B, to be issued in the original aggregate principal amount of \$1,565,000.

The City Clerk presented a proposal from _____ which had been received pursuant to the direction of the City Council.

After due consideration of the proposals, Member _____ then introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

A RESOLUTION AWARDING THE SALE OF GENERAL OBLIGATION CROSSOVER REFUNDING BONDS, SERIES 2014B, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,565,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED By the City Council of the City of Pine Island, Goodhue and Olmsted Counties, Minnesota (the “City”) as follows:

Section 1. Sale of Bonds.

1.01. Findings.

(a) On May 16, 2006, the City issued its General Obligation Improvement Bonds, Series 2006A (the “Series 2006A Bonds”), in the original aggregate principal amount of \$960,000. The City applied the proceeds of the Series 2006A Bonds to finance the construction of various assessable improvements in the City, including street reconstruction and sidewalk installation (the “2006 Assessable Improvements”), pursuant to Minnesota Statutes, Chapters 429 and 475, as amended (the “Improvement Act”). The Series 2006A Bonds are currently outstanding in the aggregate principal amount of \$705,000 and are callable for redemption on or after February 1, 2015.

(b) On July 12, 2007, the City issued its General Obligation Improvement and Street Reconstruction Bonds, Series 2007A (the “Series 2007A Bonds”), in the original aggregate principal amount of \$1,455,000. The City applied the proceeds of the Series 2007A Bonds to finance the construction of various assessable improvements in the City (the “2007 Assessable Improvements”) and to reconstruct portions of Main Street (the “2007 Street Reconstruction”), pursuant to the Improvement Act and Minnesota Statutes, Chapter 475, as amended, specifically Section 475.58, subdivision 3b (the “Street Reconstruction Act”). The portion of the Series 2007A Bonds allocated to the 2007 Assessable Improvements is referred to herein as the “Series 2007A Improvement Bonds,” and the portion of the Series 2007A Bonds allocated to the 2007 Street Reconstruction is referred to herein as the “Series 2007A Street Reconstruction Bonds.” The Series 2007A Bonds are currently outstanding in the aggregate principal amount of \$975,000 and are callable for redemption on or after February 1, 2015.

(c) The City is authorized by Minnesota Statutes, Section 475.67, subdivision 13, to issue and sell its general obligation bonds to refund outstanding bonds when determined by the City Council to be necessary and desirable.

(d) The City finds it necessary and desirable to reduce its debt service costs to issue its General Obligation Crossover Refunding Bonds, Series 2014B (the “Bonds”), in the original aggregate principal amount of \$1,565,000, to (i) refund in advance of maturity and at their redemption date the 2016 through 2027 maturities of the Series 2006A Bonds and (ii) refund in advance of maturity and at their redemption date the 2016 through 2023 maturities of the Series 2007A Bonds.

(e) The City is authorized by Minnesota Statutes, Section 475.60, subdivision 2(5) to negotiate the sale of the Bonds since the Bonds will be issued as crossover refunding obligations referred to in Minnesota Statutes, Section 475.67, subdivision 13. The actions of the City staff and financial advisors in negotiating the sale of the Bonds are ratified and confirmed in all aspects.

1.02. Award to the Purchaser and Interest Rates. The proposal of Robert W. Baird & Co., Inc. (the “Purchaser”) to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$1,583,717.25 (par amount of \$1,565,000.00, plus original issue premium of \$45,728.00, less original issue discount of \$3,927.00, less underwriter’s discount of \$23,083.75), plus accrued interest to date of delivery, if any, for Bonds bearing interest as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Interest Rate</u>
2016	2.000%	2021	3.000%
2017	2.000	2022	3.000
2018	2.000	2023	3.000
2019	2.000	2027*	3.000
2020	2.000		

** Term Bonds*

Net interest cost: 2.507609%

1.03. Purchase Contract. The Mayor and City Clerk are directed to execute a contract with the Purchaser on behalf of the City; provided, however, that the total net present value savings of the Series 2006A Bonds and the Series 2007A Bonds is at least \$100,000.

1.04. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to the Improvement Act, the Street Reconstruction Act, and Minnesota Statutes, Section 475.67, subdivision 13 (collectively, the “Act”), in the total principal amount of \$1,565,000, originally dated August 4, 2014, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$155,000	2021	\$165,000
2017	155,000	2022	170,000
2018	160,000	2023	180,000
2019	165,000	2027*	255,000
2020	160,000		

** Term Bonds*

(a) \$680,000 in principal amount of the Bonds (the “Series 2006A Refunding Bonds”), maturing in the amounts and on February 1 of the years set forth below, are being issued to refund

in advance of maturity and at their redemption date the 2016 through 2027 maturities of the Series 2006A Bonds:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$50,000	2021	\$55,000
2017	50,000	2022	55,000
2018	50,000	2023	60,000
2019	55,000	2027*	255,000

* *Term Bonds*

(b) The remainder of the Bonds in the principal amount of \$885,000 (the “Series 2007A Refunding Bonds”), maturing in the amounts and on February 1 of the years set forth below, are being issued to refund in advance of maturity and at their redemption date the 2016 through 2023 maturities of the Series 2007A Bonds:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$105,000	2020	\$110,000
2017	105,000	2021	110,000
2018	110,000	2022	115,000
2019	110,000	2023	120,000

(i) Furthermore, \$845,000 of the Series 2007A Refunding Bonds (the “Series 2007A Improvement Refunding Bonds”), maturing in the amounts and on February 1 of the years set forth below, are being used to refinance the 2007 Assessable Improvements:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$100,000	2020	\$105,000
2017	100,000	2021	105,000
2018	105,000	2022	110,000
2019	105,000	2023	115,000

(ii) The remainder of the Series 2007A Refunding Bonds in the principal amount of \$40,000 (the “Series 2007A Street Reconstruction Refunding Bonds”), maturing in the amounts and on February 1 of the years set forth below, are being used to refinance the 2007 Street Reconstruction:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$5,000	2020	\$5,000
2017	5,000	2021	5,000
2018	5,000	2022	5,000
2019	5,000	2023	5,000

1.05. Optional Redemption. The City may elect on February 1, 2022, and on any day thereafter to prepay Bonds due on or after February 1, 2023. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC (as defined in Section 8 hereof) of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

1.06. Mandatory Redemption; Term Bonds. The Bonds maturing on February 1, 2027 shall hereinafter be referred to collectively as the “Term Bonds.” The principal amount of the Term Bonds subject to mandatory sinking fund redemption on any date may be reduced through earlier optional redemptions, with any partial redemptions of the Term Bonds credited against future mandatory sinking fund redemptions of such Term Bonds in such order as the City shall determine. The Term Bonds are subject to mandatory sinking fund redemption and shall be redeemed in part at par plus accrued interest on February 1 of the following years and in the principal amounts as follows:

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
<u>February 1, 2027 Term Bond</u>	
2024	\$60,000
2025	65,000
2026	65,000
2027*	65,000

* *Maturity*

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2015, to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The City will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the “Registrar”). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the City and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the

redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The City appoints Northland Trust Services, Inc., Minneapolis, Minnesota, as the initial Registrar. The Mayor and the City Clerk are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty (30) days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Council, the City Clerk must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the City Clerk and executed on behalf of the City by the signatures of the Mayor and the City Clerk, provided that those signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of a Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this resolution. When the Bonds have been so prepared, executed and authenticated, the City Clerk will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

2.06. Temporary Bonds. The City may elect to deliver in lieu of printed definitive Bonds one or more typewritten temporary Bonds in substantially the form set forth in EXHIBIT A attached hereto with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Upon the execution and delivery of definitive Bonds the temporary Bonds will be exchanged therefor and cancelled.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form set forth in EXHIBIT A.

3.02. Approving Legal Opinion. The City Clerk is authorized and directed to obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which is to be complete except as to dating thereof and cause the opinion to be printed on or accompany each Bond.

Section 4. Payment; Security; Pledges; Covenants; Escrow.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Crossover Refunding Bonds, Series 2014B Debt Service Fund (the “Debt Service Fund”) hereby created. The Debt Service Fund shall be administered and maintained by the City Clerk as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The City will maintain the following accounts in the Debt Service Fund: the “Assessable Improvements Account” and the “Street Reconstruction Account.”

(a) Assessable Improvements Account. To the Assessable Improvements Account of the Debt Service Fund, there is hereby pledged and irrevocably appropriated and there will be credited: (i) a pro rata portion of any balance remitted to the City upon the termination of the Escrow Agreement (as defined herein); (ii) collection of all ad valorem taxes hereafter levied for the payment of the Series 2006A Refunding Bonds and interest thereon; (iii) collection of all ad valorem taxes hereafter levied for the payment of the Series 2007A Improvement Refunding Bonds and interest thereon; (iv) after February 1, 2015, special assessments and ad valorem taxes collected for the payment of the Series 2006A Bonds, if any, pursuant to levies made in the resolution authorizing the issuance and sale of the Series 2006A Bonds (the “Series 2006A Bonds Resolution”), which levies will not be cancelled except as permitted by Section 475.61, subdivision 3 of the Act; (v) after February 1, 2015, special assessments and ad valorem taxes collected for the payment of the Series 2007A Improvement Bonds, if any, pursuant to levies made in the resolution authorizing the issuance and sale of the Series 2007A Bonds (the “Series 2007A Bonds Resolution”), which levies will not be cancelled except as permitted by Section 475.61, subdivision 3 of the Act; (vi) all investment earnings on funds in the Assessable Improvements Account; and (vii) any and all other moneys which are properly available and are appropriated by the City Council to the Assessable Improvements Account. The amount of any surplus remaining in the Assessable Improvements Account when the Series 2006A Refunding Bonds and the Series 2007A Improvement Refunding Bonds and interest thereon are paid will be used as provided in Section 475.61, subdivision 4 of the Act.

(b) Street Reconstruction Account. To the Street Reconstruction Account of the Debt Service Fund, there is hereby pledged and irrevocably appropriated and there will be credited: (i) a pro rata portion of any balance remitted to the City upon the termination of the Escrow Agreement; (ii) collection of all ad valorem taxes hereafter levied for the payment of the Series 2007A Street Reconstruction Refunding Bonds and interest thereon; (iii) after February 1, 2015, ad valorem taxes collected for the payment of the Series 2007A Street Reconstruction Bonds, if any, pursuant to levies made in the Series 2007A Bonds Resolution, which levies will not be cancelled except as permitted by Section 475.61, subdivision 3 of the Act; (iv) all investment earnings on funds in the Street Reconstruction Account; and (v) any and all other moneys which are properly available and are appropriated by the City Council to the Street Reconstruction Account. The amount of any surplus remaining in the Street Reconstruction Account when the Series 2007A Street Reconstruction Refunding Bonds and interest thereon are paid will be used as provided in Section 475.61, subdivision 4 of the Act.

4.02. Escrow Fund. A portion of the proceeds of the Bonds in the amount of \$1,564,175.00 will be deposited in a separate fund (the “Escrow Fund”) maintained by Northland Trust Services, Inc., Minneapolis, Minnesota, acting as escrow agent (the “Escrow Agent”). Such funds will be received by the Escrow Agent and applied to fund the Escrow Fund, and are hereby irrevocably pledged and appropriated to the Escrow Fund, together with all investment earnings thereon. The Escrow Fund will be held in a non-interest-bearing cash account, the amount deposited therein being sufficient to (i) pay when due the interest to accrue on the Series 2006A Refunding Bonds to and including February 1, 2015 (the “Series 2006A

Bonds Redemption Date”); (ii) pay when due the interest to accrue on the Series 2007A Refunding Bonds to and including February 1, 2015 (the “Series 2007A Bonds Redemption Date”); (iii) pay on the Series 2006A Bonds Redemption Date the principal amount of the Series 2006A Bonds then outstanding; and (iv) pay on the Series 2007A Bonds Redemption Date the principal amount of the Series 2007A Bonds then outstanding. Other than the moneys in the Escrow Fund to be used to pay costs of issuance of the Bonds, the moneys in the Escrow Fund will be irrevocably appropriated to the payment of the interest on the Bonds and the payment of the principal of the Refunded Bonds until the proceeds of the Bonds therein are applied to prepayment of the Refunded Bonds. The moneys in the Escrow Fund will be used solely for the purposes herein set forth and for no other purpose, except that any surplus in the Escrow Fund may be remitted to the City, all in accordance with the Escrow Agreement. Any moneys remitted to the City upon termination of the Escrow Agreement will be deposited on a pro rata basis in the Assessable Improvements Account and the Street Reconstruction Account of the Debt Service Fund.

4.03. Prior Debt Service Fund. The debt service fund heretofore established for the Series 2006A Bonds pursuant to the Series 2006A Bonds Resolution shall be terminated on February 1, 2015, following the redemption of the Series 2006A Bonds, and all moneys therein shall hereby be transferred to the Assessable Improvements Account of the Debt Service Fund herein created. The debt service fund, including the accounts created within, heretofore established for the Series 2007A Bonds pursuant to the Series 2007A Bonds Resolution shall be terminated on February 1, 2015, following the redemption of the Series 2007A Bonds, and all moneys therein shall hereby be transferred on a pro rata basis to the Assessable Improvements Account and the Street Reconstruction Account of the Debt Service Fund herein created.

4.04. Prior Resolution Pledges. The pledges and covenants of the City made by the Series 2006A Bonds Resolution and the Series 2007A Bonds Resolution relating to the special assessments levied for the 2006 Assessable Improvements and the 2007 Assessable Improvements are restated and confirmed in all respects. The provisions of the Series 2006A Bonds Resolution and the Series 2007A Bonds Resolution are hereby supplemented to the extent necessary to give full effect to the provisions hereof.

4.05. Cancellation of Prior Levies after Redemption Dates. Following the payment in full of all outstanding principal of and interest on the Series 2006A Bonds on the Series 2006A Bonds Redemption Date and all outstanding principal of and interest on the Series 2007A Bonds on the Series 2007A Bonds Redemption Date, the City Clerk is hereby directed to certify such fact to and request the County Auditor/Treasurer of Goodhue County, Minnesota and the Director of Property Records and Licensing of Olmsted County, Minnesota (together, the “County Auditors”) to cancel any and all tax levies made for the Series 2006A Bonds and the Series 2007A Bonds.

4.06. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City will be and are hereby irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of moneys in the general fund of the City which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.07. Pledge of Taxes. To provide moneys for the payment of the principal of and interest on the Series 2006A Refunding Bonds maturing after the Series 2006A Bonds Redemption Date and the payment of the principal of and interest on the Series 2007A Refunding Bonds maturing after the Series 2007A Bonds Redemption Date, there is hereby levied a direct annual irrepealable ad valorem tax

(the “Taxes”) upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The Taxes will be credited to the Assessable Improvements Account and the Street Reconstruction Account of the Debt Service Fund above provided and will be in the years and amounts as attached hereto as EXHIBIT B.

4.08. Certification to County Auditors as to Debt Service Fund Amount. The tax levies are such that if collected in full they, together with estimated collections of investment earnings (and until the Series 2006A Bonds Redemption Date and the Series 2007A Bonds Redemption Date, a pro rata portion of all amounts in the Escrow Fund), ad valorem taxes, special assessments, and other revenues herein pledged for the payment of the Bonds, will produce at least five percent (5%) in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levies will be irrevocable so long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right to reduce the levies in the manner and to the extent permitted by Section 475.61, subdivision 3 of the Act.

4.09. Registration of Resolution. The City Clerk is authorized and directed to file a certified copy of this resolution with the County Auditors and to obtain the certificate required by Section 475.63 of the Act.

Section 5. Refunding; Findings; Redemption of Refunded Bonds.

5.01. Purpose of Refunding. The Refunded Bonds are the City’s Series 2006A Bonds and Series 2007A Bonds. The 2016 through 2027 maturities of the Series 2006A Bonds will be called for redemption on the Series 2006A Bonds Redemption Date in the principal amount of \$665,000. The 2016 through 2023 maturities of the Series 2007A Bonds will be called for redemption on the Series 2007A Bonds Redemption Date in the principal amount of \$880,000. It is hereby found and determined that based upon information presently available from the City’s municipal advisor, the issuance of the Bonds, a portion of which will be used to redeem and prepay the Refunded Bonds, is consistent with covenants made with the holders of the Refunded Bonds.

5.02. Sufficient to Prepay. It is hereby found and determined that the proceeds of the Bonds will be sufficient to prepay the Refunded Bonds.

5.03. Findings. It is hereby found and determined that based upon information presently available from the Purchaser, the issuance of the Bonds will result in a reduction of debt service cost to the City on the Series 2006A Bonds and the Series 2007A Bonds such that the present value of such debt service or interest cost savings (the “Reduction”) is at least 3.00% of the debt service on the Refunded Bonds. The Reduction, after the inclusion of all authorized expenses of refunding in the computation of the effective interest rate on the Bonds, is adequate to authorize the issuance of the Bonds as provided by Section 475.67, subdivisions 12 and 13 of the Act. Furthermore, pursuant to Section 1.03 hereof, the City finds that the total net present value savings of the Series 2006A Bonds and the Series 2007A Bonds is at least \$100,000.

5.04. Proceeds Pledged to the Escrow Fund. As of the date of delivery of and payment for the Bonds, proceeds of the Bonds are hereby pledged and appropriated and will be deposited in the Escrow Fund as follows: (i) \$665,000 for the purposes of redeeming the principal of the 2016 through 2027 maturities of the Series 2006A Bonds on the Series 2006A Bonds Redemption Date; (ii) \$8,776.25 for the purposes of paying interest on the Series 2006A Refunding Bonds to and including the Series 2006A Bonds Redemption Date; (iii) \$880,000 for the purposes of redeeming the principal of the 2016 through 2023 maturities of the Series 2007A Bonds on the Series 2007A Bonds Redemption Date; and (iv) \$10,398.75 for the purposes of paying interest on the Series 2007A Refunding Bonds to and including the Series 2007A

Bonds Redemption Date. Proceeds of the Bonds in the amount of \$18,050.00 will also be deposited in the Escrow Fund to pay the costs of issuance of the Bonds. The City, on the advice of its municipal advisor, David Drown Associates, Inc. (the "Municipal Advisor"), has elected to fund the Escrow Fund with cash rather than purchasing securities which are general obligations of the United States of America, securities whose principal and interest payments are guaranteed by the United States of America, or open market securities. The Municipal Advisor has advised the City that the costs of purchasing such securities and obtaining a verification report to confirm that such securities would be sufficient to comply with the requirements of the Act would have exceeded the interest that could have been earned on such securities.

5.05. Notices of Redemption. The Series 2006A Bonds maturing on February 1, 2016 and thereafter will be redeemed and prepaid on the Series 2006A Bonds Redemption Date in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as EXHIBIT C-1, which terms and conditions are hereby approved and incorporated herein by reference. The Series 2007A Bonds maturing on February 1, 2016 and thereafter will be redeemed and prepaid on the Series 2007A Bonds Redemption Date in accordance with their terms and in accordance with the terms and conditions set forth in the form of Notice of Call for Redemption attached hereto as EXHIBIT C-2, which terms and conditions are hereby approved and incorporated herein by reference. The registrars for the Refunded Bonds are authorized and directed to send a copy of the respective Notice of Call for Redemption to each registered holder of the Refunded Bonds.

5.06. Escrow Agreement. On or prior to the delivery of the Bonds, the Mayor and the City Clerk are hereby authorized and directed to execute on behalf of the City an escrow agreement (the "Escrow Agreement") with the Escrow Agent in substantially the form now on file with the City Clerk. All essential terms and conditions of the Escrow Agreement, including payment by the City of reasonable charges for the services of the Escrow Agent, are hereby approved and adopted and made a part of this resolution, and the City covenants that it will promptly enforce all provisions thereof in the event of default thereunder by the Escrow Agent.

Section 6. Authentication of Transcript.

6.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

6.02. Certification as to Official Statement. The Mayor and City Clerk are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

6.03. Other Certificates. The Mayor and City Clerk are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the City or incumbency of its officers, at the closing the Mayor and the City Clerk shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the City Clerk shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

Section 7. Tax Covenant.

7.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

7.02. No Rebate Required.

(a) The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States, if the Bonds (together with other obligations reasonably expected to be issued in calendar year 2014) exceed the small-issuer exception amount of \$5,000,000.

(b) For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the City hereby finds, determines and declares that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities of 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:

(i) each of the Refunded Bonds was issued as part of an issue which was treated as meeting the rebate requirements by reason of the exception for governmental units issuing \$5,000,000 or less of bonds;

(ii) the average maturity of the Bonds does not exceed the remaining average maturity of the Refunded Bonds; and

(iii) no maturity of the Bonds has a maturity date which is later than the date which is 30 years after the date the Refunded Bonds were issued.

7.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, 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.

7.04. 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 makes the following factual statements and representations:

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

(b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the City (and all subordinate entities of the City) during calendar year 2014 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2014 have been designated for purposes of Section 265(b)(3) of the Code.

7.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 8. Book-Entry System; Limited Obligation of City.

8.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

8.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the City, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar), of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the City Clerk of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the City Clerk will promptly deliver a copy of the same to the Registrar and Paying Agent.

8.03. Representation Letter. The City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the City with respect to the Bonds will agree to take all action

necessary for all representations of the City in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

8.04. Transfers Outside Book-Entry System. In the event the City, by resolution of the City Council, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the City will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event the City will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the City will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

8.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and all notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 9. Continuing Disclosure.

9.01. Execution of Continuing Disclosure Certificate. "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Mayor and City Clerk and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

9.02. City Compliance with Provisions of Continuing Disclosure Certificate. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the City to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

Section 10. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

(The remainder of this page is intentionally left blank.)

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A
FORM OF BOND

No. R-_____ UNITED STATES OF AMERICA \$ _____
STATE OF MINNESOTA
COUNTIES OF GOODHUE AND OLMSTED
CITY OF PINE ISLAND

GENERAL OBLIGATION CROSSOVER REFUNDING BOND
SERIES 2014B

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	February 1, 20__	August 4, 2014	

Registered Owner: Cede & Co.

The City of Pine Island, Minnesota, a duly organized and existing municipal corporation in Goodhue and Olmsted Counties, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$ _____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable February 1 and August 1 in each year, commencing February 1, 2015, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Northland Trust Services, Inc., Minneapolis, Minnesota, as Bond Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 2022, and on any day thereafter to prepay Bonds due on or after February 1, 2023. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. If less than all Bonds of a maturity are called for redemption, the City will notify The Depository Trust Company ("DTC") of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$1,565,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the City Council on July 28, 2014 (the "Resolution"), for the purpose of providing money to refund in advance of maturity on February 1, 2015 a portion of the City's General Obligation Improvement Bonds, Series 2006A, the proceeds of which were used to finance the construction of various assessable improvements in the City, and the City's General Obligation Improvement and Street Reconstruction Bonds, Series 2007A, the proceeds of which were used to

finance certain assessable improvements and reconstruct portions of Main Street, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429 and 475, as amended, including Section 475.58, subdivision 3b and Section 475.67, subdivision 13. The principal hereof and interest hereon are payable in part from ad valorem taxes and in part from special assessments against property specially benefited by local improvements, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in taxes and special assessments pledged, which additional taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

The City Council has designated the issue of Bonds of which this Bond forms a part as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Bond Registrar, by the registered owner hereof in person or by the owner’s attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or the owner’s attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Bond Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Bond Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Pine Island, Goodhue and Olmsted Counties, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Clerk and has caused this Bond to be dated as of the date set forth below.

Dated: August 4, 2014

CITY OF PINE ISLAND, MINNESOTA

(Facsimile)
Mayor

(Facsimile)
City Clerk

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

NORTHLAND TRUST SERVICES, INC.

By _____
Authorized Representative

ABBREVIATIONS

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

TEN COM -- as tenants in common

UNIF GIFT MIN ACT

Custodian _____
(Cust) (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to Minors
Act, State of _____

JT TEN -- as joint tenants with right of
survivorship and not as tenants in common

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 all rights thereunder, and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration of the within Bond, 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:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other such "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STEMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.

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

Name and Address: _____

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

Please insert social security or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Officer of Registrar</u>
_____	Cede & Co. Federal ID #13-2555119	_____

EXHIBIT C
TAX LEVY SCHEDULES

Tax Levy Schedule for the Series 2006A Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2015	\$ 62,187
2016	61,137
2017	60,087
2018	64,287
2019	57,882
2020	62,082
2021	60,349
2022	63,867
2023	61,977
2024	65,337
2025	63,289
2026	61,242

** Year tax levy collected.*

Tax Levy Schedule for the Series 2007A Improvement Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2015	\$105,258
2016	104,650
2017	107,800
2018	105,595
2019	103,390
2020	101,185
2021	103,128
2022	104,913

** Year tax levy collected.*

Tax Levy Schedule for the Series 2007A Street Reconstruction Refunding Bonds

<u>YEAR *</u>	<u>TAX LEVY</u>
2015	\$6,248
2016	6,143
2017	6,038
2018	5,933
2019	5,828
2020	5,723
2021	5,565
2022	5,408

** Year tax levy collected.*

EXHIBIT C-1

NOTICE OF CALL FOR REDEMPTION FOR SERIES 2006A BONDS

NOTICE OF CALL FOR REDEMPTION

\$960,000
CITY OF PINE ISLAND, MINNESOTA
GENERAL OBLIGATION IMPROVEMENT BONDS
SERIES 2006A

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Pine Island, Goodhue and Olmsted Counties, Minnesota (the "City"), there have been called for redemption and prepayment on

February 1, 2015

all outstanding bonds of the City designated as General Obligation Improvement Bonds, Series 2006A (the "Bonds"), dated May 16, 2006, having stated maturity dates of February 1 in the years 2016 through 2027, both inclusive, totaling \$665,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP Number</u>
2016	\$ 45,000	722630 _____
2019	140,000	722630 JP6
2021	105,000	722630 JR2
2023	115,000	722630 JT8
2025	125,000	722630 JV3
2027	135,000	722630 JX9

The Bonds are being called at a price of par plus accrued interest to February 1, 2015, on which date all interest on said 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 Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before February 1, 2015.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2003, the City is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any Bonds subject to redemption and prepayment on the Redemption Date, unless the City is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. December 2011), will satisfy the requirements of this paragraph.

Dated: _____.

BY ORDER OF THE CITY COUNCIL OF THE
CITY OF PINE ISLAND, MINNESOTA

By /s/ Jonathan Eickhoff
City Clerk
City of Pine Island, Minnesota

EXHIBIT C-2

NOTICE OF CALL FOR REDEMPTION FOR SERIES 2007A BONDS

NOTICE OF CALL FOR REDEMPTION

\$1,455,000

CITY OF PINE ISLAND, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT AND STREET RECONSTRUCTION BONDS
SERIES 2007A

NOTICE IS HEREBY GIVEN that, by order of the City Council of the City of Pine Island, Goodhue and Olmsted Counties, Minnesota (the "City"), there have been called for redemption and prepayment on

February 1, 2015

all outstanding bonds of the City designated as General Obligation Improvement and Street Reconstruction Bonds, Series 2007A (the "Bonds"), dated July 12, 2007, having stated maturity dates of February 1 in the years 2016 through 2023, both inclusive, totaling \$880,000 in principal amount, and with the following CUSIP numbers:

<u>Year of Maturity</u>	<u>Amount</u>	<u>CUSIP Number</u>
2016	\$ 95,000	722630 _____
2018	205,000	722630 KH2
2020	220,000	722630 KK5
2023	360,000	722630 KN9

The Bonds are being called at a price of par plus accrued interest to February 1, 2015, on which date all interest on said 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 Bond Trust Services Corporation, 3060 Centre Pointe Drive, Roseville, Minnesota 55113, on or before February 1, 2015.

Important Notice: In compliance with the Economic Growth and Tax Relief Reconciliation Act of 2003, the City is required to withhold a specified percentage of the principal amount of the redemption price payable to the holder of any Bonds subject to redemption and prepayment on the Redemption Date, unless the City is provided with the Social Security Number or Federal Employer Identification Number of the holder, properly certified. Submission of a fully executed Request for Taxpayer Identification Number and Certification, Form W-9 (Rev. December 2011), will satisfy the requirements of this paragraph.

Dated: _____.

BY ORDER OF THE CITY COUNCIL OF THE
CITY OF PINE ISLAND, MINNESOTA

By /s/ Jonathan Eickhoff
City Clerk
City of Pine Island, Minnesota

STATE OF MINNESOTA)
)
COUNTIES OF GOODHUE) SS.
AND OLMSTED)
)
CITY OF PINE ISLAND)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Pine Island, Goodhue and Olmsted Counties, Minnesota (the “City”), do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on July 28, 2014, with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale of the City’s General Obligation Crossover Refunding Bonds, Series 2014B, in the original aggregate principal amount of \$1,565,000.

WITNESS My hand officially as such City Clerk and the corporate seal of the City this ____ day of _____, 2014.

(SEAL)

City Clerk
City of Pine Island, Minnesota

STATE OF MINNESOTA
COUNTY OF GOODHUE

CERTIFICATE OF COUNTY
AUDITOR/TREASURER AS TO
TAX LEVY AND REGISTRATION

I, the undersigned County Auditor/Treasurer of Goodhue County, Minnesota, hereby certify that a certified copy of a resolution adopted by the governing body of the City of Pine Island, Minnesota (the "City"), on July 28, 2014, levying taxes for the payment of the City's General Obligation Crossover Refunding Bonds, Series 2014B, dated August 4, 2014, and issued in the original aggregate principal amount of \$1,565,000, has been filed in my office and said bonds have been entered on the register of obligations in my office and that such tax has been levied as required by law.

WITNESS My hand and official seal this ____ day of _____, 2014.

**COUNTY AUDITOR/TREASURER,
GOODHUE COUNTY, MINNESOTA**

By: _____

Its: _____

(SEAL)

STATE OF MINNESOTA
COUNTY OF OLMSTED

CERTIFICATE OF DIRECTOR OF PROPERTY
RECORDS AND LICENSING AS TO TAX LEVY
AND REGISTRATION

I, the undersigned Director of Property Records and Licensing of Olmsted County, Minnesota, hereby certify that a certified copy of a resolution adopted by the governing body of the City of Pine Island, Minnesota (the "City"), on July 28, 2014, levying taxes for the payment of the City's General Obligation Crossover Refunding Bonds, Series 2014B, dated August 4, 2014, and issued in the original aggregate principal amount of \$1,565,000, has been filed in my office and said bonds have been entered on the register of obligations in my office and that such tax has been levied as required by law.

WITNESS My hand and official seal this ____ day of _____, 2014.

**DIRECTOR OF PROPERTY RECORDS
AND LICENSING,
OLMSTED COUNTY, MINNESOTA**

By: _____

Its: _____

(SEAL)

MASTER DEVELOPMENT AGREEMENT

THIS AGREEMENT is made this ____ day of _____, 2014 by and between the City of Pine Island, a Minnesota municipal corporation (“City”) and DCL Partners, LLC, a limited liability company organized under the laws of the State of Missouri (“Owner”).

WHEREAS, Owner holds title to property located at an unassigned address in Pine Island, Minnesota, which is legally described on the attached Exhibit A (“Property”), and;

WHEREAS, Owner seeks to develop the Property for commercial uses and has prepared the initial concept plan for such development attached as Exhibit B (“Concept Plans”);

WHEREAS, Owner intends to request modifications to the zoning and comprehensive plan guiding of the Property, or portions thereof, to accommodate commercial development of the Property as generally described in the Concept Plans;

WHEREAS, Owner intends to prepare final development plans and request platting of the Property within the next two (2) years;

WHEREAS, prior to preparing final development plans, Owner has requested that the City agree to assume responsibility for maintenance of certain drainage and retention ponds depicted in the Concept Plans;

WHEREAS, prior to preparing final development plans, Owner has requested that the City allow two accesses to the Property as depicted in the Concept Plans;

WHEREAS, Owner has requested the incorporation of certain modifications to the frontage road abutting the Property that is currently being constructed by the City (“Frontage Road”) including widening of the Frontage Road to accommodate a right turn and bypass lane serving the Property as depicted in the Concept Plans

WHEREAS, Owner acknowledges that the Property will be specially benefited by the Frontage Road and Owner’s requested modifications to such Frontage Road, and Owner is willing to agree to specified special assessments against the Property for the Frontage Road; and

NOW, THEREFORE, on the basis of the covenants herein, the parties hereto agree as follows:

**ARTICLE ONE
REPRESENTATIONS AND WARRANTIES**

1. City Representations and Warranties. The City makes the following representations as the basis for the undertaking on its part contained herein:

- (a) The City is a municipal corporation under the laws of Minnesota.
- (b) The City has the right, power and authority to execute, deliver and perform its obligations under this Agreement.

2. Owner Representation and Warranties. The Owner makes the following representations as the basis for the undertakings on its part contained herein:

- (a) The Owner is in good standing under the laws of Minnesota.
- (b) The Owner has the power to enter into this Agreement and carry out the obligations herein. The Owner assures the City that the individuals who execute this Agreement on behalf of the Owner are duly authorized to sign on behalf of the Owner and to bind the Owner thereto.
- (c) The Owner is not a party to or bound by any mortgage, lien, lease, agreement, instrument, order, judgment, or decree which would prohibit the execution or performance of this Agreement by the Owner or prohibit any of the transactions provided for in this Agreement.
- (d) The Owner will comply with all applicable federal, state and local statutes, laws, ordinances and regulations including, without limitation, any permits, licenses, and applicable zoning, environmental, or other laws, ordinances, or regulations affecting the Property and future development of the Property.
- (e) The Owner will apply for and use its best efforts to obtain all such required permits, licenses, approvals and authorizations related to development of the Property.

**ARTICLE TWO
PUBLIC AND PRIVATE IMPROVEMENTS**

1. Special Assessment for Frontage Road

- (a) Owner agrees to the levying of special assessments against the Property for the Frontage Road in accordance with Minnesota Statutes Section 429.061. The principal amount of the special assessment authorized under this Agreement shall not exceed \$215,000.00 which includes approximately \$47,000.00 for widening of the road.

- (b) The special assessments shall be payable over a period of time to be determined by the City that is not less than twenty (20) years and not more than thirty (30) years, commencing with real estate taxes payable in the year following completion of the Improvements. The special assessment shall bear interest at a rate determined by the City Council but not more than one percent (1%) per annum over the City's cost of financing for construction of the Improvements. Interest shall accrue from the date of adoption of resolution levying the special assessment.
- (c) Owner waives the right to appeal the levy of special assessments in accordance with this Agreement pursuant to Minnesota Statutes Section 429.081. Owner agrees that: any requirements of Minnesota Statutes Chapter 429 with which the City does not comply are hereby waived by the Owners; the increase in fair market value of the Property resulting from construction of the Frontage Road at least equals the amount of the special assessments levied against the Property, and; the increase in fair market value is a special benefit to the Property. Owner further waives the right to appeal reapportionment of the special assessments upon land division pursuant to Minn. Stat. § 429.071, subd. 3, or otherwise.

2. Platting.

- (a) The Owner shall submit a preliminary plat application for development of the Property within two (2) years of execution of this Agreement. The parties acknowledge and agree that platting and development of the Property may require additional agreement(s) between the parties. The parties agree to negotiate any such future agreement(s) in good faith.
- (b) The Owner acknowledges that development of the Property as contemplated by the Concept Plans may require Owner to seek zoning or comprehensive plan amendments prior to or in conjunction with platting of the Property. The City will address any such amendment request(s) in good faith.
- (c) Development of the Property shall be subject to all applicable utility access charges, connection fees, and service rates/charges, and all applicable park dedication fees or land dedication requirements.

3. Maintenance of Drainage Ponds; Easement. In conjunction with the future platting and development of the Property, Owner shall grant to the City a perpetual easement, in a form and substance acceptable to the City, permitting the City to maintain the drainage ponds. Upon receipt and acceptance of such easement, the City shall assume the obligation to maintain the drainage ponds in accordance with the terms of the easement. The easement shall, among other things, include the right of the City, its contractors, agents, and employees to enter the premises at all reasonable times for the purpose of locating, constructing, reconstructing, operating, maintaining, inspecting, altering and repairing within the described easement area storm water detention facilities, ground surface drainage

ways, and associated public facilities or improvements of any type that are not inconsistent with such intended use, and the right to cut, trim, or remove from the easement areas trees, shrubs, other vegetation, or impediments of any kind as in the City's judgment may interfere with the easement, facilities or improvements of the City.

4. Accesses to the Property. As depicted in the Concept Plan, Owner intends to provide for two accesses to the Property. In conjunction with review of final development plans and proposed plat of the Property, the City will support the establishment of two accesses to the Property in accordance with applicable City ordinances and requirements.

5. Private Roads and Utilities. In conjunction with future development, Owner will construct on the Property water mains, sewer lines, bituminous drives, storm sewer facilities, ponds, and other improvements as may be appropriate, desired or required by applicable City ordinances or requirements ("Subdivision Improvements"). Except as provided herein, the parties acknowledge and agree that Owner intends for all such Subdivision Improvements to be private and constructed solely at Owner's expense. All such Subdivision Improvements shall be subject to the applicable City ordinances and regulations, including but not limited to all City regulations governing connections to public utilities.

ARTICLE THREE DEFAULT

1. Remedies on Default. Whenever any party defaults under this Agreement, the non-defaulting party may take any one or more of the following actions after providing 30 days written notice to the defaulting party if the default has not been cured or, if the default is by its nature incurable:

- (a) Suspend performance under this Agreement until receiving adequate assurances from the defaulting party that the default will be cured;
- (b) Terminate or rescind this Agreement;
- (c) Seek specific performance of this Agreement or take other legal action deemed necessary or desirable to enforce performance and observance of any obligation under this Agreement.

2. No Remedy Exclusive. Except as provided in this Agreement, no remedy is exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE FOUR MISCELLANEOUS

1. Indemnification. Notwithstanding anything to the contrary in this Agreement, the City, its officers, agents, and employees shall not be liable or responsible in any manner to the Owner, Owner's successors or assigns, or to any other person or persons, for any claim, demand, damage, or cause of action of any kind or character arising out of or by reason of the execution of this Agreement. The Owner shall defend and save the City, and its officers, agents, and employees, harmless from the foregoing. Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which the City is entitled under Minnesota Statutes, Chapter 466 or otherwise.
2. Amendment. Any amendment to this Agreement must be in writing and signed by both parties.
3. Disclaimer of Relationships. Nothing herein, nor any act by the City or the Owner, shall be deemed or construed by the Owner or by any third person to create any relationship of third-party beneficiary, principal agent, limited or general partner, or joint venture between the City and the Owner.
4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.
5. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.
6. Entire Agreement. Except as expressly provided herein, this Agreement constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Agreement. This Agreement may be modified, amended, terminated, or waived, in whole or in part, only by a writing signed by all of the parties.
7. Term. Unless earlier terminated, this Agreement shall expire two (2) years from execution unless the City receives a plat application within such time. If the City has received such application, this Agreement shall remain in full force and effect until the Property has been developed.
8. Agreement to Run with Land. This Agreement may be recorded and shall run with the Property and be binding upon the Owner and its assigns or successors in interest.
9. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

- (a) as to the Owner:

(b) as to the City:
City of Pine Island
250 Main Street
P.O. Box 1000
Pine Island, MN 55963

or at such other address with respect to either such party as that party may, from time to time, designate in writing.

IN WITNESS OF THE ABOVE, the parties have caused this Agreement to be executed on the date and year written above.

CITY OF PINE ISLAND
A Municipal Corporation

By:

Mayor

By:

City Clerk

}
}

DCL PARTNERS, LLC

By: _____

Its: _____

[NOTARY BLOCKS]

This document drafted by:
KENNEDY & GRAVEN, CHARTERED (RJV)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402

Jon Eickhoff

From: Vose, Robert J. <rvose@Kennedy-Graven.com>
Sent: Wednesday, July 23, 2014 9:49 AM
To: 'ryl2485@gmail.com'
Cc: Jon Eickhoff; Neil Britton; Short, Jean M.
Subject: RE: agreement

Mr. Liu:

Jon asked me to respond to your questions. My responses are in blue below under each of your questions. Our hope is that the City Council will be able to consider this agreement at an upcoming special meeting next Monday. If the agreement cannot be approved at that time, it will be difficult to incorporate the frontage road improvements you are seeking because of the timing of that work.

Please give me a call if you would like to discuss further.

Thank you

Bob Vose
Kennedy & Graven
470 US Bank Plaza
200 S. 6th Street
Minneapolis, MN 55402
(p) 612.337.9275
(f) 612.337.9310
(c) 612.481.3210

From: ron liu [mailto:ryl2485@gmail.com]
Sent: Monday, July 14, 2014 10:16 AM
To: Jon Eickhoff
Subject: Re: agreement

Jon,

Hope all is well with you!

Would appreciate your assistance in clarifying a few points

(1) Relating the the additional assessment -

(a) I am still puzzled as to why the discussion about 'widening the frontage road.' My understanding is that the turn and by-pass lanes have always been there, the issue was whether these will be paved or just graded?

The City's plans called for grading and other preparatory work to accomodate turn and by-pass lanes to serve your property in the future, but did not call for paving. The City would have to "add" that work to its current construction contract (via a change order). Completing this work will result in the paved portion of the road being somewhat wider. Any reference to "widening the frontage road" in the agreement simply refers to adding that work to the City's construction contract.

(b) How much of the \$47K is related to paving the turn and by-pass lanes vs. widening the road?

The \$47k is related to paving and other work not called for in the City's existing construction contract. That cost does not include the grading and preparatory work which is covered by the existing contract.

(c) Was the \$47K simply added to the original proposed assessment associated with my portion of the construction costs?

Essentially, yes. However, the original proposed assessment was based on the engineer's estimate. Since then, the City has received bids and entered the construction contract. So we have hard numbers now, not merely an estimate.

(2) Relating to the original special assessment - why is there an interest component? Isn't the estimate of \$2.1M inclusive of a financing charge already?

Special assessments in Minnesota always include an interest component. A land owner subject to special assessment may avoid the interest by paying the special assessment up-front. The interest imposed in a special assessment recognizes the fact that the City-- which has borrowed money via bonding to pay for the project, and is subject to interest charges over the term of the repayment--- cannot be sure how many parties will pay their assessment up-front, avoiding all interest, how many will pay early, avoiding some interest, and how many will pay the assessment over its entire term incurring the full interest cost.

(3) Under paragraph 2. (c) in Article Two - What are applicable park dedication or land dedication requirements as they exists today? Once the agreement is signed between the parties, will there be further such charges possible?

The City's current land development requirements are set forth in sections of the City Code linked here: http://cc.pineislandmn.com/downloads/chapter_12_subdivision_regulations_platting.pdf Very generally, the City's park dedication requirements for commercial or industrial developments are that 2% of the buildable land be dedicted, or a payment in lieu of that dedication be made. There may be other charges associated with your development which will depend on the details of the proposed development. Some such charges are referred to in the proposed agreement such as sewer connection charges.

(4) Article Four Paragraph 3 needs clarification, as businesses within the outlot will be beneficiaries to the agreement, and they are specifically called out as not being such?

That provision does not mean that future businesses or other parties that become owners of portions of your property, after development, will not be beneficiaries of this agreement. To the contrary, Art. 4, Para. 8 confirms that any future owner of the property gets all the benefits of the agreement. Art. 4, Para. 3 is simply a standard provision that clarifies that you and the City have not entered a partnership or joint venture. That is standard language in virtually all development agreements ensuring that the City will not be liable for any negligence or other problem you may run into later, when developing.

(5) Would the City not be subject to the agreement, as stated in Article four Paragraph 8?

As noted, that provision simply confirms that the land is subject to the agreement. Any party that owns the land-- or part of it-- gets the benefits and burdens of the agreement. You are specifically referenced in that provision because you own all the land. The City is not referenced because the City is not an owner of the land subject to the agreement. The City is, however, plainly subject to the agreement by virtue of being a signatory to it.

Ron Liu

On Thu, Jul 10, 2014 at 12:36 PM, ron liu <ryl2485@gmail.com> wrote:

thank you. Will be in touch.

On Thu, Jul 10, 2014 at 11:58 AM, Jon Eickhoff <Jon.Eickhoff@ci.pineisland.mn.us> wrote:

Ron,

Attached is the updated agreement. Let me know your thoughts.

Jon Eickhoff, City Clerk

City of Pine Island

250 S Main Street, PO Box 1000

Pine Island, MN 55963

[507-356-4591](tel:507-356-4591) (work)

[507-356-8230](tel:507-356-8230) (fax)

[507-251-7177](tel:507-251-7177) (cell)