

**NEW YORK MILLS CITY COUNCIL
REGULAR MEETING
March 9, 2010
4:30 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 4:30 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: Hodgson, Rankka, Warner, Wallgren, Gerber

Members Absent: None

Staff Present: D. Berry, J. Geiser, C. Kopveiler, J. Hoaby, R. Salo,

Guests Present: Al Berube, Dennis Happel, Louis Hoglund, Traci Ryan

Call to Order The meeting was called to order at 4:30 p.m. A quorum was present.

Approval of **A motion to approve the Minutes from the February 9, 2010, regular meeting as presented was made by Wallgren and seconded by Rankka. The motion carried without a dissenting vote.**

Updates/Consent Agenda

Mayor Hodgson summarized each item listed.

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

Department Reports

Liquor Store Report – K. Hoban was absent, so Berry provided some comments. She referred to Kim's written report. She noted that there was a small profit again for February, and that when comparing year to date performance year over year, we are about \$6,000 ahead of this time last year. Berry noted that the Nevis Liquor Store has tentative plans to build an outdoor deck, and if they proceed they have said they will sell us their bus shelter for a very small price, of about \$100 or less, if we would come and pick it up. Berry noted the Liquor Store had recently hired Joan Becker, and that part time clerk S. Koljonen had resigned.

A motion was made by Rankka and seconded by Wallgren to approve new hire Joan Becker, and to approve the liquor store report. The motion carried without a dissenting vote.

Police Report – Chief Hoaby addressed the council. He noted that he is now taking bids for the '82 Yamaha motorcycle. He commented that we will be acquiring an additional vehicle forfeiture from a DWI in March. Hoaby discussed his plans to acquire a tranquilizer gun to be used when stray animals cannot be captured using any other method. He is working with the veterinarian to determine policies and procedures for such a tool. The Vet can provide a supply of appropriate tranquilizer drugs, and assist in setting up parameters, etc. Such an animal would be transported to the Vet and he will administer a neutralizing medication. We may need to modify our animal ordinance also. The cost of the gun will be about \$280. It is a pump action gun similar to a b-b gun. Hoaby will pursue drafting policies & procedures and determine an appropriate modification to our existing ordinance.

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A motion was made by Gerber and seconded by Warner to accept the Police Department report as presented. The motion carried without a dissenting vote.

Fire Department Report –Rankka addressed the council, noting the resignation of K. Cederstrom and noting the rehire of a firefighter that had been on an approved leave of absence. There continues to be two openings in our fire department.

A motion was made by Wallgren and seconded by Gerber to accept the resignation of K. Cederstrom and approve the rehire/reinstatement of A. Johnson. The motion carried without a dissenting vote.

Utilities Report – R. Salo addressed the council. Mayor Hodgson offered congratulations to Salo on the well written letter sent to the Minnesota Office of Pipeline Safety. Salo noted that the ditches were open and water was flowing fine in the ditches. Staff continues to keep an eye on the water levels in the ponds. Salo met with engineer A. Lauinger to go over plans for the 2010 project and incorporate some minor changes. Item 5 on the report deals with the new gas main valve proposed to be installed behind City Hall. The cost for this is estimated at \$6,000. This item was discussed briefly.

A motion was made by Rankka and seconded by Wallgren to add the installation of the new valve behind City Hall to the other gas improvements being made during the 2010 project. The motion carried without a dissenting vote.

Salo noted that L. Haman would like to come back to work on a part-time basis. This was concurred with by general consensus. Salo discussed the need for an additional vehicle once we have some part time summer help hired. He was working with Vaughn, and three suitable vehicles were found at prices of \$8900, \$10,990, and \$8970. Some discussion ensued. Instead of purchasing another vehicle at this time, it was decided that summer help would use personal vehicles and submit travel reports for mileage reimbursement at the federal rate. The full time staff will need to be flexible in assisting with hauling mowers and other equipment around as needed by seasonal summer staff. Salo noted that they would be getting rid of their pagers, and instead using the cell phones with the answering service. We will save a little money.

A motion was made by Rankka and seconded by Wallgren to approve the utility report. The motion carried without a dissenting vote.

At 5:07 p.m., Mayor Hodgson announced the start of the Open Forum, and he asked the audience if anyone wished to speak. Hearing none, the Open Forum was closed.

EDA Report – Rankka noted that Ed Larson had resigned and alternative approaches for handling economic development were being explored. He noted that the EDA had received a proposal from Traci Ryan of David Drown & Associates. Next, Berry explained that the Business Subsidy policy was being reviewed as it was adopted nearly ten years ago and the terms and requirements of the policy should reflect the current economic conditions. In order to adopt a new policy, a Public Hearing would need to be held. A resolution was presented calling for a public hearing, as follows:

RESOLUTION NO. 03-09-2010a

**RESOLUTION CALLING PUBLIC HEARING ON
THE PROPOSED ADOPTION OF AN AMENDMENT TO THE BUSINESS SUBSIDY
POLICY**

WHEREAS, the Business Subsidy Policy of the City of New York Mills was adopted on November 14, 2000; and

WHEREAS, the business climate and economic conditions have changed in the ensuing years, and

WHEREAS, it is prudent for the City to revisit how to best meet the diversity and mixed needs in the community given the current economic conditions; and

WHEREAS the City proposes to review and amend its Business Subsidy Policy in order to ensure that it is assisting the local community in achieving positive and continuing community and economic development; and

WHEREAS, M.S. 116J. 993 through 116J.995 require the City to conduct a public hear prior to the amendment of the locally adopted Business Subsidy Policy:

BE IT RESOLVED by the City Council (the "Council") of the City of New York Mills, Minnesota (the "City"), as follows:

1. Public Hearing. This Council shall meet on Tuesday, April 13, 2010, at approximately 5:00 p.m. to hold a public hearing on the proposed adoption of an amendment to the locally adopted business subsidy policy, in accordance with the requirements of Minnesota Statutes 116J.993 through 116J.995

2. Notice of Hearing. The City Clerk is hereby authorized to cause a notice of the hearing, substantially in the form attached hereto as Exhibit A, to be published as required by the Act and to place a copy of the proposed Business Subsidy Criteria on file in the Administrator's office at City Hall and to make such copies available for inspection by the public.

Adopted this 9th day of March, 2010, by the City Council of the City of New York Mills.

Larry Hodgson, Mayor

Darla Berry, City Clerk

APPENDIX A

**CITY OF NEW YORK MILLS
COUNTY OF OTTERTAIL
STATE OF MINNESOTA**

**NOTICE OF PUBLIC HEARING
on
PROPOSED AMENDMENT TO BUSINESS SUBSIDY POLICY**

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NOTICE IS HEREBY GIVEN that the City Council (the "Council") of the City of New York Mills, Ottertail County, Minnesota, will hold a public hearing on Tuesday, April 13th, 2010 at approximately 5:00 p.m., at the New York Mills City Hall in the City of New York Mills, Minnesota, relating to the proposed amendment to the City's Business Subsidy Policy, pursuant to Minnesota Statutes, Section 116J.993 through 116J.995, inclusive, as amended. A summary of the proposed Business Subsidy Policy as proposed to be adopted will be on file and available for public inspection at the office of the City Clerk-Treasurer at City Hall.

All interested persons may appear at the hearings and present their views orally or in writing.

Dated _____, 2010

BY ORDER OF THE CITY COUNCIL

/s/ _____
City Clerk

A motion was made by Wallgren and seconded by Gerber to approve Resolution No. 03-09-2010a. The motion carried without a dissenting vote.

A motion was made by Warner and seconded by Gerber to accept the EDA report. The motion carried without a dissenting vote.

Zoning – Wallgren notes plans to have a meeting in April as construction season gets into full swing.

Library Report – There are two new Board members to fill two vacancies.

A motion was made by Rankka and seconded by Gerber to approve the two new Library Board members Becky Becker and Patrick Veazie. The motion carried without a dissenting vote.

Administration Report – Berry addressed the council. She discussed some of the items included on the report, and then asked whether there were any questions or comments on her written report.

A motion was made by Rankka and seconded by Wallgren to approve the step raise and all other items in the Administration Report. The motion carried without a dissenting vote.

Old Business

Bond Refunding – Traci Ryan of David Drown Associates addressed the Council. She explained that the 2005a bond being refunded was a refunding bond of the 1997 bond used to make improvements to the City Hall building. She noted that the savings presented in the paperwork included obtaining an updated bond rating from S&P. The bonds will be issued through United Bankers' Bank in Bloomington; the local bank in NYM declined to handle this bond refunding. The resolution for refunding was presented in Resolution No. 03-09-2010, as follows:

RESOLUTION NO. 03-09-2010

PROVIDING FOR THE ISSUANCE AND SALE OF \$670,000 GENERAL OBLIGATION PUBLIC BUILDING REFUNDING BONDS, SERIES 2010A AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, 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 on May 3, 2010 (the "Call Date") of the City's outstanding \$945,000 original principal amount of General Obligation Public Building Crossover Refunding Bonds, Series 2005A, dated February 1, 2005 (the "Prior Bonds"), which mature on and after April 1, 2011, in the aggregate principal amount of \$645,000 (the "Refunded Bonds"), at a price of par plus accrued interest, as provided in the Resolution of the City Council, adopted on January 10, 2005 (the "Prior Resolution"); and

B. WHEREAS, the refunding of the Refunded Bonds on the Call Date is consistent with covenants made with the holders thereof, and is necessary and desirable for the reduction of debt service cost to the City; and

C. WHEREAS, the City Council hereby determines and declares that it is necessary and expedient to issue \$670,000 General Obligation Public Building Refunding Bonds, Series 2010A (the "Bonds" or, individually a "Bond"), pursuant to Minnesota Statutes, Chapter 475, to provide moneys for a current refunding of the Refunded Bonds; and

D. WHEREAS, the City has retained David Drown Associates, Inc. ("David Drown") 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

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

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

1. Acceptance of Proposal. The proposal of United Bankers' Bank, in Bloomington, Minnesota (the "Purchaser"), to purchase the Bonds at the rates of interest hereinafter set forth, and to pay therefor the sum of \$664,305.00, plus interest accrued to settlement is hereby accepted and the Bonds are hereby awarded to the Purchaser.

2. Terms of Bonds.

(a) Original Issue Date; Denominations; Maturities. The Bonds shall be dated May 1, 2010, as the date of original issue and shall be issued forthwith on or after such date in fully registered form. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall mature or be subject to mandatory redemption on April 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 90,000
2013	180,000
2015	190,000
2016	105,000
2017	105,000

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

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

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

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

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

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

3. Purpose; Refunding Findings. The Bonds shall provide funds for a current refunding of the Refunded Bonds (the "Refunding"). It is hereby found, determined and declared that the Refunding is pursuant to Minnesota Statutes, Section 475.67, and shall result in a reduction of debt service cost to the City.

4. Interest. The Bonds shall bear interest payable semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing April 1, 2011, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum set forth opposite the maturity years as follows:

<u>Maturity Year</u>	<u>Interest Rate</u>
2011	0.75%
2013	1.45
2015	2.15
2016	2.40
2017	2.70

5. Redemption.

(a) Optional Redemption. Bonds maturing on April 1, 2015, and thereafter, shall be subject to redemption and prepayment at the option of the City on April 1, 2014, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, those Bonds remaining unpaid which have the latest maturity date shall be prepaid first; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty days prior to the date fixed for redemption.

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

To effect a partial redemption of Bonds having a common maturity date, the Bond Registrar prior to giving notice of redemption shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal

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

(b) Mandatory Redemption. The Bonds maturing on April 1, 2013 and 2015 (the "Term Bonds") 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

April 1, 2013 Term Bond
(inclusive)

<u>Year</u>	<u>Principal</u> <u>Amount</u>
2012	\$90,000
2013 (maturity)	90,000

April 1, 2015 Term Bond
(inclusive)

<u>Year</u>	<u>Principal</u> <u>Amount</u>
2014	\$95,000
2015 (maturity)	95,000

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

The City may, at its option to be exercised on or before the thirtieth day next preceding any date specified in the Mandatory Redemption Schedule, deliver to the Registrar written notice, which shall (i)

specify a principal amount of such Term Bonds previously redeemed (otherwise than pursuant to the Mandatory Redemption Schedule) or purchased and cancelled by the Registrar and not theretofore applied as a credit against any redemption of Bonds pursuant to the Mandatory Redemption Schedule, and (ii) instruct the Registrar to apply the principal amount of such Term Bonds so delivered or previously redeemed or purchased and cancelled for credit against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule and selected by the City. Each such Term Bond so delivered or previously redeemed or purchased and cancelled shall be credited by the Registrar against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule and selected by the City.

6. Bond Registrar. U.S. Bank National Association, in St. Paul, Minnesota, is appointed to act as bond registrar and transfer agent with respect to the Bonds (the "Bond Registrar"), and shall do so unless and until a successor Bond Registrar is duly appointed, all pursuant to any contract the City and Bond Registrar shall execute which is consistent herewith. The Bond Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Bonds shall be paid to the registered holders (or record holders) of the Bonds in the manner set forth in the form of Bond and paragraph 12.

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

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

R- _____ \$ _____

GENERAL OBLIGATION PUBLIC BUILDING REFUNDING BOND, SERIES 2010A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	April 1,	May 1, 2010	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

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, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for prior payment, and to pay interest thereon semiannually on April 1 and October 1 of each year (each, an "Interest Payment Date"), commencing April 1, 2011, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the U.S. Bank National Association, in St. Paul, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest

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Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Holders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution, and surrender of this Bond shall not be required for payment of the redemption price upon a partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Optional Redemption. All Bonds of this issue (the "Bonds") maturing on April 1, 2015, and thereafter, are subject to redemption and prepayment at the option of the Issuer on April 1, 2014, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, those Bonds remaining unpaid which have the latest maturity date shall be prepaid first; and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty days prior to the date fixed for redemption. Prior to the date on which any Bond or Bonds are directed by the Issuer to be redeemed in advance of maturity, the Issuer will cause notice of the call thereof for redemption identifying the Bonds to be redeemed to be mailed to the Bond Registrar and all Bondholders, at the addresses shown on the Bond Register. All Bonds so called for redemption will cease to bear interest on the specified redemption date, provided funds for their redemption have been duly deposited.

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

Mandatory Redemption. The Bonds maturing on April 1, 2013 and 2015 (the "Term Bonds") shall be redeemed by lot in the following years and principal amounts, at their principal amount, without any premium, plus accrued interest thereon to such redemption dates (after any credits are made as provided below):

Mandatory Redemption Schedule

April 1, 2013 Term Bond
(inclusive)

<u>Year</u>	<u>Principal</u> <u>Amount</u>
2012	\$90,000

2013 (maturity)	90,000
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April 1, 2015 Term Bond
(inclusive)

<u>Year</u>	<u>Principal</u> <u>Amount</u>
2014	\$95,000
2015 (maturity)	95,000

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

The Issuer may, at its option to be exercised on or before the thirtieth day next preceding any date specified in the Mandatory Redemption Schedule, deliver to the Registrar written notice, which shall (i) specify a principal amount of such Term Bonds previously redeemed (otherwise than pursuant to the Mandatory Redemption Schedule) or purchased and cancelled by the Registrar and not theretofore applied as a credit against any redemption of Bonds pursuant to the Mandatory Redemption Schedule, and (ii) instruct the Registrar to apply the principal amount of such Term Bonds so delivered or previously redeemed or purchased and cancelled for credit against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule and selected by the Issuer. Each such Term Bond so delivered or previously redeemed or purchased and cancelled shall be credited by the Registrar against the principal installments to be prepaid pursuant to the Mandatory Redemption Schedule and selected by the Issuer.

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

Selection of Bonds for Redemption; Partial Redemption. To effect a partial redemption of Bonds having a common maturity date, the Registrar shall assign to each Bond having a common maturity date a distinctive number for each \$5,000 of the principal amount of such Bond. The Registrar shall then select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to the Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of such Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. If a Bond is to be redeemed only in part, it shall be surrendered to the Registrar (with, if the Issuer or Registrar so requires, a written instrument of transfer in form satisfactory to the Issuer and Registrar duly

executed by the Holder thereof or the Holder's attorney duly authorized in writing) and the Issuer shall execute (if necessary) and the Registrar shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds of the same series having the same stated maturity and interest rate and of any Authorized Denomination or Denominations, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$670,000, all of like date of original issue and tenor, except as to number, maturity, interest rate, redemption privilege 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 of the Issuer on March 9, 2010 (the "Resolution"), for the purpose of providing funds for a current refunding of the Issuer's General Obligation Public Building Crossover Refunding Bonds, Series 2005A, dated February 1, 2005 which mature on and after April 1, 2011. This Bond is payable out of the General Obligation Public Building Refunding Bonds, Series 2010A Fund of the Issuer. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

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

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

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

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

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Bond Registrar.

Qualified Tax-Exempt Obligations. The Bonds have been designated by the Issuer as "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 Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law, 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 facsimile signatures of its Mayor and its Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Drafted Minutes
3/15/2010
Date of Registration:

Registrable by: U.S. BANK NATIONAL
ASSOCIATION

Payable at: U.S. BANK NATIONAL
ASSOCIATION

BOND REGISTRAR'S
CERTIFICATE OF
AUTHENTICATION

CITY OF NEW YORK MILLS,
OTTER TAIL COUNTY, MINNESOTA

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

/s/ Facsimile
Mayor

U.S. BANK NATIONAL ASSOCIATION
St. Paul, Minnesota,
Bond Registrar

/s/ Facsimile
Clerk

By: _____
Authorized Signature

ABBREVIATIONS

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

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

UTMA - _____ as custodian for _____

(Cust)

(Minor)

under the _____ Uniform

(State)

Transfers to Minors Act

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

ASSIGNMENT

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

Dated: _____

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

Signature Guaranteed:

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

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

Drafted Minutes
3/15/2010

Name and Address: _____

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

PREPAYMENT SCHEDULE

This Bond has been prepaid in part on the date(s) and in the amount(s) as follows:

<u>DATE</u>	<u>AMOUNT</u>	<u>AUTHORIZED SIGNATURE OF HOLDER</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____

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

(a) Authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this resolution unless a Certificate of Authentication on the Bond, substantially in the form hereinabove set forth, shall have been duly executed by an authorized representative of the Bond Registrar. Certificates of Authentication on different Bonds need not be signed by the same person. The Bond Registrar shall authenticate the signatures of officers of the City on each Bond by execution of the Certificate of Authentication on the Bond and by inserting as the date of registration in the space provided the date on which the Bond is authenticated, except that for purposes of delivering the original Bonds to the Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue of May 1, 2010. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

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

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

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

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

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

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

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

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

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

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

12. 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.

13. 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 Public Building Refunding Bonds, Series 2010A 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 and the interest thereon shall have been fully paid. There shall be maintained and created in the fund the "Payment Account" and a "Debt Service Account".

(a) Payment Account. The proceeds of the Bonds, less accrued interest shall be deposited in the Payment Account. On or prior to the Call Date, the Clerk shall transfer \$646,805.00 of the proceeds of the Bonds from the Payment Account to the paying agent for the Refunded Bonds. The sums are sufficient, together with other funds on deposit in debt service fund for the Refunded Bonds, to pay the principal and interest due on the Refunded Bonds due after the Call Date, including the principal of the Refunded Bonds called for redemption on the Call Date. The remainder of the monies in the Payment Account shall be used to pay the costs of issuance of the Bonds. Any monies remaining in the Payment Account after payment of all costs of issuance and payment of the Refunded Bonds shall be transferred to the Debt Service Account.

(b) Debt Service Account. To the Debt Service Account there is hereby pledged and irrevocable appropriated and there shall be credited: (i) accrued interest; (ii) any balance remaining after the Call Date, in the Prior Bonds Debt Service Account created by the Prior Resolution; (iii) all investment earnings on funds in the Debt Service Account; (iv) any taxes herein or hereafter levied for the payment of the Bonds; and (v) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The amount of any surplus remaining in the Debt

Service Account when the Bonds and interest thereon are paid shall be used consistent with Minnesota Statutes, Section 475.61, Subdivision 4.

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

14. Tax Levy; Coverage Test. To provide moneys for payment of the principal and interest on 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>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
2010-2015	2011-2016	See attached schedule

The tax levies are such that if collected in full they will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The tax levies shall be irrevocable so long as any 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 Refunded Bonds, the taxes levied by the Prior Resolution in the years 2009 to 2015 shall be canceled.

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

16. Prior Bonds; Security and Prepayment. Until retirement of the Prior Bonds, all provisions for the security thereof shall be observed by the City and all of its officers and agents. The Refunded Bonds shall be redeemed and prepaid on the Call Date in accordance with the terms and conditions set forth in the Notice of Call for Redemption attached hereto as Exhibit A, which terms and conditions are hereby approved and incorporated herein by reference.

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

18. 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 Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

19. Continuing Disclosure. The City is the sole obligated person with respect to the Bonds. The City hereby agrees, in accordance with the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, as amended, and a Continuing Disclosure Undertaking (the "Undertaking") hereinafter described to:

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

(b) Provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of certain material events with respect to the Bonds in accordance with the Undertaking.

(c) Provide or cause to be provided, in a timely manner to the MSRB notice of a failure by the City to provide the annual financial information with respect to the City described in the Undertaking.

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

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

20. 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.

21. Negative Covenant as to Use of Bond Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the improvements refinanced by the Prior Bonds (the "Project"), or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

22. Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Bonds, and (3) the rebate of excess investment earnings to the United States if the Bonds (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small issuer exception amount of \$5,000,000.

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

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

23. 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 this calendar year 2010 will not exceed \$30,000,000;
- (e) not more than \$30,000,000 of obligations issued by the City during this calendar year 2010 have been designated for purposes of Section 265(b)(3) of the Code; and

- (f) the aggregate face amount of the Bonds does not exceed \$30,000,000.

Furthermore:

- (g) each of the Refunded Bonds was designated as a "qualified tax exempt obligation" for purposes of Section 265(b)(3) of the Code;
- (h) the aggregate face amount of the Bonds does not exceed \$30,000,000;
- (i) the average maturity of the Bonds does not exceed the remaining average maturity of the Refunded Bonds;
- (j) no part of the Bonds has a maturity date which is later than the date which is thirty years after the date the Refunded Bonds were issued; and
- (k) the Bonds are issued to refund, and not to "advance refund" the Prior Bonds within the meaning of Section 149(d)(5) of the Code, and shall not be taken into account under the \$30,000,000 issuance limit to the extent the Bonds do not exceed the outstanding amount of the Prior Bonds.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

24. Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

25. Offering Memorandum. The Offering Memorandum relating to the Bonds prepared and distributed by David Drown is hereby approved and the officers of the City are authorized in connection with the delivery of the Bonds to sign such certificates as may be necessary with respect to the completeness and accuracy of the Offering Memorandum.

26. 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.

27. 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 9th day of March, 2010, by the City Council of the City of New York Mills.

Larry Hodgson, Mayor

Darla Berry, City Clerk

A motion was made by Rankka and seconded by Wallgren to approve Resolution No. 03-09-2010 the refunding bond as presented. Voting aye for the resolution were Hodgson, Rankka, Wallgren, and Gerber. Voting naye against the resolution was Warner. The vote carried by a quorum, with a 4-to-1 vote.

Gas Improvements

This item was discussed earlier in the meeting.

Take-Home Vehicle & Motorized Equipment Vehicle Use Policy 17 – Berry explained that the draft policy included in the February packets had been modified by the addition of a new paragraph listed as **H. Public Safety Vehicles**, along with a page providing statutory citations relating to the new paragraph.

A motion was made by Warner and seconded by Rankka to approve Policy 17. The motion carried without a dissenting vote.

R. Salo noted that he wasn't given a copy of the policy. Berry noted that he knew it was available but had never asked for an updated policy. Hodgson noted that Salo had received the draft in February and due to his comments, the amendments concerning Public Safety Vehicles were incorporated.

Dates for Future Council Meetings – The date for the next regular meeting will be Tuesday, April 13, 2010, at 4:30 p.m.

Payment of Claims

A motion was made by Rankka and seconded by Gerber to pay the claims as presented. The motion carried without a dissenting vote.

Other

City Attorney Happel addressed the council concerning a possible resolution/agreement on the property owned by S. Campbell and the long-delinquent EDA loan for that property. The bank in Perham (which is in first place) will take back the property and sell the remaining units. The EDA and West Central Initiation will be paid only after that Bank recovers its money. If the proposed sale price on the unit is too low, the EDA would be given a chance to directly acquire the property itself at the offered price. Richard notes this as being something the Council should authorize, and it was agreed that Rankka and Hodgson should be the authorized parties on behalf of both the City Council and the EDA.

A motion was made by Warner and seconded by Wallgren to authorize Rankka and Hodgson to sign an agreement concerning the sale of the Campbell property with the Perham Bank. The motion carried without a dissenting vote.

Drafted Minutes
3/15/2010

Adjournment

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

The meeting adjourned at 5:40 p.m.

Respectfully submitted by,

Darla Berry
City Clerk

**NEW YORK MILLS CITY COUNCIL
REGULAR MEETING
April 13, 2010
4:30 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 4:30 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: Hodgson, Rankka, Warner, Wallgren, Gerber

Members Absent: None

Staff Present: D. Berry, C. Kopveiler, J. Hoaby, R. Salo, J. Adams, K. Hoban, H. Van Dyke

Guests Present: Al Berube, Dennis Happel, Traci Ryan, Melissa Mursu, Aaron Lauinger, Sarah Honer, Aaron Honer, Diane Sazama, Dale Jokela, Brian Stavenger, Kris Koll

Call to Order The meeting was called to order at 4:30 p.m. A quorum was present.

Approval of Minutes A motion to approve the Minutes from the March 9, 2010, regular meeting and the February 26, 2010, special meeting as presented was made by Rankka and seconded by Wallgren. The motion carried without a dissenting vote.

Updates/Consent Agenda

Mayor Hodgson summarized each item listed.

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

Department Reports

Police Report – Chief Hoaby noted that the forfeited motorcycle had been sold for a high bid of \$550. There are two more forfeitures in process that will be sold – one back to the owner and another that will be put out for bids. Jason provided an annual update on animals at large taken to Lakeland Vet, as to how many were claimed and how many the City had to pay the fees on. This information will be provided annually to the City in a report beginning next year. The information shared at the current meeting was actually in an annual report addressed to the City of Perham. Hoaby is still working with the Lakeland Vet Clinic on the tranquilizer policy/process.

A motion was made by Wallgren and seconded by Rankka to accept the Police Department report as presented. The motion carried without a dissenting vote.

Liquor Store Report – K. Hoban referred to her written report. She noted that the year to date profit was about \$4000 above that reported one year ago. March results reflect a small loss, but this is mainly due to several breakdowns that occurred during the month that were not anticipated. These items included the water softener, the computer, and the cooler. Expenses for these items totaled about \$2,000. The meat raffle has been going well. The Fire Department plans to stop doing this either at end of April or end of May, take the summer off, and resume after Labor Day. There will be a Band this week on Friday, April 16th, so come and enjoy!

A motion was made by Wallgren and seconded by Gerber to approve the Liquor Store report. The motion carried without a dissenting vote.

Utilities Report – R. Salo addressed the council. Roger referred to each item on his monthly report. Item 7 – Roger indicated he will be awarding the work to the low bidder as listed in the report. Item 1 – Roger mentioned that there will be no city-wide cleanup day this year due to budget cuts, we will instead plan to do this only every other year. The Vehicle Use Policy adopted in March was discussed. As adopted, the policy will remain in place. Under Item 8 Roger asked that another truck be purchased. This was discussed at some length. However, the decision made at the March 2010 meeting remained unchanged – the City will not be purchasing another truck at this time. It can be revisited if a decision is made to fill the fulltime vacancy.

A motion was made by Rankka and seconded by Wallgren to approve the Utilities Department report. The motion carried without a dissenting vote.

Open Forum

At 5:00 p.m., Mayor Hodgson announced the start of the Open Forum. He invited Diana Sazama to address the Council if she wished. Ms. Sazama was introduced. She indicated that she had sent a letter out in January asking for the City's financial support for the East Otter Tail Fair. She discussed all the activities associated with the Fair. She explained ways the funds would be used. Mayor Hodgson noted that the Council had in fact reviewed her letter at an earlier Council meeting, and had at that time determined that due to severe budget challenges it was decided that we would be unable to make a contribution. He commented that the local paper had erroneously reported that a \$1000 donation was approved, and that the City had then contacted her to note the error and advise that no such donation was approved. He apologized for that misunderstanding. He advised her that we would review the matter, but that no decision would be made at the Open Forum level. He thanked Ms. Sazama for her presentation. The Mayor then asked if anyone else in the audience wished to speak during the Open Forum. Hearing none, the Open Forum was closed at 5:06 p.m.

Public Requests

At 5:06 p.m. Ms. Sarah Honer addressed the Council per her Agenda Request submission. Ms. Honer explained her "PATCH" (Pay Attention to Community Habits-nonprofit) affiliation, and talked about her plans and hopes for a new business opportunity for New York Mills. She noted her intention to rent our Ballroom to hold quilting/sewing classes, free for anyone. Teachers come and help students. Ms. Honer has an enormous amount of sewing equipment for this endeavor. She has met with others in the area about her ideas. She has held classes at Ben Franklin in Wadena, but would prefer our much bigger space. She envisions a new business here where crafters, artisans, recyclers, etc., could obtain supplies rather than driving to the big Cities. She is really looking at ways for the community to prosper. Mayor Hodgson spoke and thanked Ms. Honer, noting her exciting plans. He indicated a desire that she follow-up with the Council at a later point to report on her successes in this endeavor. He invited her to attend the monthly C&C meetings.

At 5:16 p.m., Mayor Hodgson announced a recess in the City Council Meeting, noting that a Public Hearing was to commence at this time.

At 5:25 p.m., the City Council meeting reconvened as the Public Hearing was closed. The council members briefly discussed the public hearing information.

A motion was made by Wallgren and seconded by Rankka to adopt a new Business Subsidy Policy as included in the packets, with a modification to set the wage requirement to be tied to the Federal minimum wage level, which is currently \$7.25 per hour. The motion carried without a dissenting vote.

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South Main/CSAH 67 Project – Aaron Lauinger addressed the Council. He noted that there were two resolutions relating to the 2010 project that need to be adopted. Mayor Hodgson then introduced Resolution No. 04-13-2010 and Resolution No. 04-13-2010a, as follows:

RESOLUTION NO. 04-13-2010

**A Resolution Approving Otter Tail County Project
Within Municipal Corporate Limits of
The City of New York Mills, Minnesota**

WHEREAS, plans for Project No. SP 56-667-32 showing proposed alignment, profiles grades and cross-sections for the construction, reconstruction or improvement of County State-Aid Highway No. 67 within the limits of the City as a Federal/State Aid Project have been prepared and presented to the City.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS,
MINNESOTA:**

That said plans be in all things approved.

Dated this 13th day of April, 2010

City Clerk, Darla Berry

Mayor, Larry Hodgson

RESOLUTION NO. 04-13-2010a

A Resolution for Parallel Parking Only

WHEREAS, the County of Otter Tail has submitted to the Commissioner of Transportation the plans and specifications for the improvement of CSAH 67 from CSAH 84 to 300' south of Walker Avenue; and

WHEREAS, state-aid funds will be expended on the improvement of this street; and

WHEREAS, the approved state aid standards as applicable to this project limit and restrict all parking to that which is parallel with the curb.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS,
MINNESOTA:**

That said City of New York Mills, Minnesota shall require that parking of all vehicles within the corporate limits on CSAH 67, State Aid Route No. SP-56-667-32 be parallel with the curb in accordance with the State Aid Standards.

Adopted by the City Council this 13th day of April, 2010.

City Clerk, Darla Berry

Mayor, Larry Hodgson

A motion was made by Rankka and seconded by Wallgren to approve Resolution No. 04-13-2010 and Resolution No. 04-13-2010a, as presented. The motion carried without a dissenting vote.

PFA Application / Resolution Nos. 02-09-2010b and 02-09-2010c – Berry noted that these are copies of two Resolutions which were adopted at the February 9, 2010, meeting. However, they were adopted with blank amounts as to amount of loan rather than dollar amounts, as the exact amounts were not yet determined. Although the loan amounts we show will eventually be adjusted when the project is bid, PFA asked that we fill in amounts at this time based on the engineer's estimates of the costs. Therefore, Clerk Berry wrote in the amounts on the previously approved resolutions, and a copy was included in the packets for the Council's review and concurrence at this time.

A motion was made by Wallgren and seconded by Gerber to approve the amounts written in each resolution, with Resolution No. 02-09-2010b now reflecting a dollar amount of \$237,104 or the as-bid cost of the project and Resolution No. 02-09-2010c now reflecting a dollar amount of \$147,993 or the as-bid cost of the project. The motion carried without a dissenting vote.

BNSF Railroad, Pipeline License – Lauinger noted that the license presented relates to the City's water lines which will be bored underneath the rail lines. The cost is \$2,500 for the license. Additionally, insurance is required. Lauinger recommended that we purchase the policy offered by BNSF for a fee of \$1,000, as although we could obtain our own policy, it likely would be problematic to obtain a policy that meets all criteria that BNSF will require. If the Council concurs, the amount to be paid will total \$3,500 relating to this matter. Berry noted that a check for such amount was included in the bills to be paid, later in the Agenda.

A motion was made by Warner and seconded by Rankka to adopt the Pipeline License contract for the stated fee of \$2500 plus to subscribe to the insurance offered by BNSF for an additional \$1000 fee. The motion carried without a dissenting vote.

There was some additional discussion as to the timeframes for this project. It was stated that a target for getting the base layer of bituminous is October 15, and things appear to be on schedule at this point. It is uncertain when the railroad crossing will be taken out of service; that will be up to the contractor for the most part. Target date for re-opening the railroad crossing is June 2011, which is 17 months from when the submission was made to BNSF.

Audit Presentation – Brian Stavenger, Eide Bailly

Brian noted that an Executive Summary was provided that would be presented rather than the actual full audit report. He went through the summary, pointing out key highlights. There were several favorable trends. Brian and Berry provided details on some of the trends noted.

The Audit presentation concluded.

A motion was made by Rankka and seconded by Warner to accept the 2009 Audit Report. The motion carried without a dissenting vote.

At 6:12 p.m., the Mayor announced a short recess.

At 6:16 p.m., the meeting resumed.

New Business

Park Board Report – Kris Koll of the Park Board addressed the council. The group would like to install playground equipment for kids in Country View, and they would like the City to provide a lot. They have a list of the equipment to be purchased at a cost of about \$10,000. The Park Board will provide funds of \$5,000, and the Lions will match this amount. The group plans to seek funds also from the C&C in the amount of \$2,500, and may solicit other public donations. Kris will donate use of his skidsteer, also will use volunteers to do the work. Mayor Hodgson asked what size area was needed. The equipment will be in an area that is 53' X 37'.

A motion was made by Rankka and seconded by Gerber to allow an area to be set aside for playground equipment in the area off the utility easement that runs between Lot 1, Block 2, and Lot 8, Block 7, with the undeveloped land to be used lying directly to the east of the multifamily lot known as Lot 1, Block 2, and also to the east/south of the single family lot known as Lot 8, Block 7. The motion carried without a dissenting vote.

Library Grant Application – Public Hearing

J. Adams addressed the Council. She noted that at a recent meeting with a representative of USDA, we learned that the 75% funding level was no longer applicable, and instead a funding level of 55% would apply due to the higher area median incomes of the service area including 3 townships rather than just based on the median income in the City itself. The projected costs of \$33,500 will be funded with USDA funds of \$18,425 and local funds of \$15,075 based on this new information. A Public Hearing must be held according to USDA funding requirements. Therefore, the following resolution was presented:

RESOLUTION NO. 04-13-2010b

A Resolution for Public Hearing to Receive Public Comments on Proposed Energy Efficiency Upgrades to the New York Mills Public Library

WHEREAS, the City Council, in coordination with the Library Board of the New York Mills Public Library, is proposing to make various energy efficiency upgrades to the New York Mills Public Library building; and

WHEREAS, an application for funding is being submitted to the United States Department of Agriculture (USDA) pursuant to the Rural Development Community Facilities Grant Program (Public Libraries Initiative), for funding of 55% of the improvement costs; and

WHEREAS, the proposed improvements may include one, several, or all of the following items:

- a new furnace and air conditioning system,
- a new water heater,
- a new back entry to the office area, and
- a new energy star copy machine; and

FURTHERMORE, the Council would like to receive input from area citizens on the proposed project, including but not limited to their views on the economic and environmental impacts, service area, alternatives to the project, and any other relevant matter.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA:

1. A public hearing shall be held on May 11, 2010, in the City Hall Council Chambers at 5:00 p.m. to hear comments from the public regarding the proposed submission of the USDA grant application; and
2. To receive public comment concerning the proposed improvements to the New York Mills Public Library.

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The City Clerk is hereby directed to cause a notice of the hearing be published once in the official newspaper at least ten (10) days prior to the hearing.

Adopted by the City Council this 13th day of April, 2010.

City Clerk, Darla Berry

Mayor, Larry Hodgson

A motion was made by Wallgren and seconded by Rankka to adopt Resolution No. 04-13-2010b and hold a Public Hearing as proposed at 5:00 p.m. on May 11, 2010. The motion carried without a dissenting vote.

Department Reports (Continued)

Swimming Pool – Heidi Van Dyke addressed the Council. She indicated that the pool season will begin on Monday, June 14, and continue through Friday, August 27, 2010. There will again be 2 sessions for lessons, from July 5-16 and from July 26-August 6. Van Dyke noted that last year at the end of the season several pay adjustments were made to comply with a late July change in the Federal Minimum Wage law. Now, it needs to be adjusted so that lifeguards are fairly compensated based on their years of service/experience. Berry noted that the council approved such a pay methodology when the 2010 pay scale was adopted as part of the 2010 budget/COLA approvals in December 2009.

A motion was made by Rankka and seconded by Wallgren approving adjustment of lifeguard pay rates to coincide with the pay scale rates based on years of service/experience. The motion carried without a dissenting vote.

Discussion continued about pool hours and fees for swimming, passes, and lessons. Hours and days of the pool operations will remain unchanged from the prior year. Daily passes will remain at \$3. Monthly passes will be discontinued as will student rates. Season passes will be offered at \$50 for individual or \$125 for family. Lesson fees will be \$25 for first child, \$45 for 2 children, \$60 for 3 children, and \$10 more for each additional child.

A motion was made by Rankka and seconded by Wallgren to adopt the new lesson fees and season pass fees as discussed. The motion carried without a dissenting vote.

Fire Department

Rankka noted a couple of fire department handouts.

A motion was made by Wallgren and seconded by Gerber to approval the dismissal of A. Salo. The motion carried without a dissenting vote.

EDA Report

Rankka indicated that the Business Subsidy policy included in the packets was recommended for adoption at the most recent EDA meeting. He noted that a contract had been signed with T. Ryan of David Drown Associates for her services. A loan was made to the new canvas business of Dave & Amy Sobieski.

A motion was made by Gerber and seconded by Warner to approve the EDA report. The motion carried without a dissenting vote.

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Zoning Report – Wallgren noted that the season was starting out with 7 permits thus far, mainly for fences, decks, and garages. A meeting is scheduled near the end of April.

A motion was made by Rankka and seconded by Gerber to approve the Zoning Report. The motion carried without a dissenting vote.

Administration Report – Berry referred to her written report, and asked whether there were any questions on the items listed. She noted that gas rates had now been locked in place for May 2010 – April 2011, and new rates were set beginning on May 1, 2010. Berry was asked the status of LGA cuts. She noted that 1/3 of legislation dealing with the budget was passed locking in additional 2010 LGA cuts to our City of \$26,214. She noted that she does not consider this to be the final word, as two additional pieces of legislative cuts are planned yet and more LGA cuts could be made in one or both of those sessions.

A motion was made by Wallgren and seconded by Warner to approve the step raises and the Administration Report as presented. The motion carried without a dissenting vote.

New Business (continued)

Joint Powers Agreement – Berry noted that this item was a police matter, which is needed to ensure that administrative fines can be issued and processed. Also, the City must adopt eCharging to facilitate the reporting requirements. The following Resolution was presented:

RESOLUTION NO. 04-13-2010c

A Resolution for Approval of a Joint Powers Agreement between the State of Minnesota (Department of Public Safety, Bureau of Criminal Apprehension), and the City of New York Mills, New York Mills Police Department

WHEREAS, the City Council has received and reviewed copies of the Joint Powers Agreement with the State of Minnesota that addresses eCharging by the New York Mills Police Department.

WHEREAS, pursuant to Minnesota Statutes §471.59, subd. 1, adoption of such an agreement requires approval from the City Council; and

WHEREAS, the Chief of Police of the New York Mills Police Department has also received copies of and reviewed the proposed Agreement, and recommends that the agreement be adopted.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA, that the subject Joint Powers Agreement with the State of Minnesota is hereby approved.

Adopted by the City Council this 13th day of April, 2010.

City Clerk, Darla Berry

Mayor, Larry Hodgson

A motion was made by Wallgren and seconded by Gerber to approve Resolution No. 04-13-2010c as presented. The motion carried without a dissenting vote.

Party Room Rehab – Mayor Hodgson explained the need to replace the patio doors in the Party Room. Several options were discussed, including replacing the doors as currently configured and several alternative configurations of doors, half walls with windows, 6 foot doors with full length windows, etc. In order to use SCDP program

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income funds for this rehab project, and also to use SCDP program income funds for the Library rehab project discussed earlier, the following resolution was presented:

RESOLUTION NO. 04-13-2010d

**A Resolution for Approval of Use of Program Income from Funds 202 & 203
For Improvements to the City Hall Party Room and the New York Mills Public Library**

WHEREAS, the City Hall Party Room doorways to the outdoor balcony are in need of replacement due to water damage sustained in recent years; and

WHEREAS, the New York Mills Public Library is in need of several energy efficiency upgrades to its heating and cooling system, its office entryway, a new water heater, and a new copy machine, and is seeking USDA grant funds and other local contributions and donations to fund these improvements; and

WHEREAS, the City has two closed SCDP grant programs, and both funds have program income funds available; and

WHEREAS, the Consultant for SCDP program income, Wynne Consulting, has concurred that such program income funds are available and suitable for use on these two projects.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF NEW YORK MILLS, MINNESOTA, that the program income money in Fund 202 be made available towards the costs of the City Hall Party Room improvements, and that the program income money in Fund 203 be made available towards the costs of the New York Mills Public Library improvements. Both funds should maintain a reserve of \$500, and the remaining dollars can be used for these projects as approved herein. This use of this money must be concluded by October 1, 2010.

Adopted by the City Council this 13th day of April, 2010.

City Clerk, Darla Berry

Mayor, Larry Hodgson

A motion was made by Rankka and seconded by Gerber to adopt Resolution No. 04-13-2010d as presented. The motion carried without a dissenting vote.

Natural Gas Rates effective May 1, 2010 – Berry noted that the rates being adopted represent a decrease in gas rates by about \$1.10 per thousand mcfs.

A motion was made by Warner and seconded by Rankka to approve the new gas rates effective May 1, 2010. The motion carried without a dissenting vote.

Dates for Future Council Meetings – The date for the next regular meeting will be Tuesday, May 11, 2010, at 4:30 p.m.

Payment of Claims

Berry noted that copies of claims are not generally provided until the day of the council meeting due to many runs made right up to council meeting date. She asked whether council would prefer to instead receive the available listings of claims in packets, and then receive those additional sheets at the council meeting. It was concurred that the proposed change would be preferable, and Berry agreed to implement this change.

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A motion was made by Wallgren and seconded by Warner to pay the claims as presented. The motion carried without a dissenting vote.

Adjournment

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

The meeting adjourned at 7:33 p.m.

Respectfully submitted by,

Darla Berry
City Clerk

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**NEW YORK MILLS CITY COUNCIL
PUBLIC HEARING
APRIL 13, 2010
5:00 P.M.**

CALL TO ORDER AND DETERMINATION OF A QUORUM

The public hearing of the New York Mills City Council was called to order at 5:16 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: Hodgson, Wallgren, Rankka, Warner, and Gerber

Members Absent: None

Staff Present: D. Berry, C. Kopveiler, R. Salo, J. Adams

Guests Present: Dennis Happel, Traci Ryan, Melissa Mursu, Aaron Lauinger, Dale Jokela

Call to Order The Public Hearing was called to order at 5:16 p.m. A quorum was present.

Mayor Hodgson introduced Traci Ryan of David Drown Associates. Ms. Ryan addressed the Council to explain the requirements for having a business subsidy policy, the history of the City's current policy, and the reasons why the EDA was recommended adoption of a new policy. She briefed the council on the proposed new policy, noting the basic terms and the reasons for each. She noted the flexibility of these criteria for the range of projects that would be possible. She asked whether there were any questions or items she could clarify. Berry asked about whether the "but for test" was optional or mandatory. She explained that while in TIF arrangements the "but for test" is mandatory, it is not mandatory for the basic business subsidy criteria, so it is correctly listed as one of many possible criteria – any one of which would qualify a project for a subsidy. The minimum wage requirement for business subsidy was discussed. It was agreed that setting this criteria at the federal minimum wage level, which is currently \$7.25 per hour, makes a lot of sense in the current economy. Also, tying it to the federally determined amount means that our policy does not need to be amended each time we desire a change in the wage level – rather, changes in federal mandates will automatically extend to the wage required in our policy.

Mayor Hodgson thanked Ms. Ryan for her presentation. He asked if any member of the public wished to speak. He again asked for comments from the public. Finally, he asked for public comments, and hearing none, the Mayor closed the Public Hearing at 5:25 p.m.

Respectfully submitted by,

Darla Berry
City Clerk