

The City Council of the City of St. Charles welcomes you to its Regular Meeting of Tuesday, March 24, 2015 at 6:00 p.m. at 830 Whitewater Avenue, City Council Chambers, St. Charles, Minnesota.

ITEM

ACTION REQUESTED

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- | | |
|---|---------|
| 1. Call to Order | |
| 2. Pledge of Allegiance | |
| 3. Approval of the Agenda | |
| 4. Notices and Communications – | |
| 5. Review of Financials | |
| 6. Resolution #10-2015 Set Sale w/Terms of Bond | APPROVE |
| 7. Electric Service Agreement-Archer | APPROVE |
| 8. Joint School Board/City Council meeting-April 6 th -6:30 p.m. | UPDATE |
| 9. Early Childhood Initiative-April 23 rd —6:15 p.m. | UPDATE |
| 10. 2015 Goals | APPROVE |
| 11.Planning & Zoning Appointment-Jamie Bjerke | APPROVE |
| 12. Resolution #11-2015 Awarding Demolition Bids | APPROVE |
| 13. Water Service Grant Program | DISCUSS |
| 14. LMCIT Liability Waiver | APPROVE |

UNSCHEDULED PUBLIC APPEARANCES: Members of the audience may address any item not on the agenda. State Statute prohibits the City Council from discussing an item that is not on the agenda, but the City Council does listen to your concerns and has staff follow up on any questions you raise.

ADJOURNMENT

***Attachment. Questions? Contact Nick Koverman at St. Charles City Hall at 932-3020 or by email at nkoverman@stcharlesmn.org.**



**MEMORANDUM for the CITY COUNCIL of St. Charles for
Tuesday, March 24, 2015**

- 6. Resolution #10-2015 Set Sale with Terms of Bond.** Mike Bubany of David Drown & Associates will be present to discuss the process for setting the sale of the bond.
- 7. Electric Service Agreement-Archer.** The electric service agreement will be provided at the meeting.
- 8. Joint School Board/City Council meeting**—April 6th-6:30 p.m. The date and time of the meeting has been scheduled and will meet at the St. Charles High School Media Center.
- 9. Early Childhood Initiative.** The Early Childhood Initiative would like to host a meeting of the St. Charles City Council and School Board Thursday, April 23rd at 6:15 in the community center. The event will feature a speaker.
- 10. 2015 Goals.** Enclosed are the revised goals as discussed at the March 10 meeting.
- 11. Planning & Zoning Appointment-Jamie Bjerke.** With two current vacancies on Planning & Zoning, Jamie Bjerke expressed her willingness to serve on the P&Z Commission. Mrs. Bjerke is currently a member of the Park Board and is willing to commit the time and energy to the P&Z Commission.
- 12. Resolution #11-2015. Awarding Demolition Bids.** Please see the Request For Council Action.
- 13. Water Service Grant Program.** As requested, a discussion of the water service line will be held. Various minutes pertaining to the past discussion are included as well as a September 19, 2012 memo that helped to set forth the 50/50 water break grant program.
- 14. LMCIT-Liability Coverage-Waiver Form.** The annual form for the LMCIT that DOES NOT WAIVE our monetary limits is included.



Spring Valley Office
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Phone (507) 346-7895
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March 16, 2015

RECOMMENDATIONS

VIA EMAIL

City of St. Charles
John Schaber, Mayor
Nick Koverman, City Administrator
830 Whitewater Avenue
St. Charles, MN 55972

RE: General Obligation Special Election Bonds, Series 2015A

Honorable Mayor Schaber, Members of the City Council, and Mr. Koverman:

This letter outlines my recommendations for the structure and sale of \$2,300,000 of General Obligation Bonds associated with the City's public safety building improvements. I must first explain the use of statutory authority to issue these bonds.

General Obligation Special Election Bonds

A City must cite statutory authority before it can provide its "General Obligation Pledge" to a bond issue. The G.O. pledge secures a bond issue with the City's full taxing authority making the bond issue very low risk to investors which allows us to get lower rates. There are all different types of authority for the G.O. pledge scattered across Minnesota statutes. For this particular project the City will utilize special election authority granted in Chapter 475.

G.O. bonds issued under this authority are limited in size by the amount authorized by voters (which was approved last fall). And unlike most bond issues, these bonds count against the City's net debt limitations (defined as 3% of the City's estimated market value). The good news is that even after this issue the City will still have close to \$3.5 million in capacity should they ever need it, and that amount grows as the City pays off existing debt and the market value of the City continues to grow.

Other Funding Sources Considered

During the planning for this project the City considered multiple funding sources other than conventional bond sales. Primarily it considered intergovernmental loans at below market rates for a portion of the issue. Those options failed to be realized so a conventional sale is being selected as the next best alternative.

Overview of Project and Component Costs

Based on the successful election last fall, we are limited to a borrowing of \$2.3 million. Therefore, recommending the size of the issue is quite easy. However, there are a variety of issuance expenses associated with the bonds that will reduce the amount available directly for the project. The City is free to use cash for any additional amounts needed.

The major component costs and sources of funds are detailed below:

Amount Available for Project	\$2,187,000
Plus Issuance Expenses	64,050
Plus Capitalized Interest (approx. 10 months)	51,918
Less Construction Fund Earnings	<u>(2,968)</u>
RECOMMENDED SIZE OF BOND ISSUE:	\$2,300,000

Payment and Revenue Requirements:

Consistent with all of the City's prior planning, I have designed the bond issue with a 25 year term. Based on current market conditions I am projecting a net effective interest rate of approximately 3.6%. This results in an average annual levy requirement of approximately \$146,500 commencing with taxes payable 2016. Due to the longer term and larger size of this issue it is fairly interest rate sensitive. If rates were to jump by half of a percentage point over the next month the annual revenue requirement would increase by over \$7,000.

Please refer to the attached exhibit for bond details. I will go over these with you in detail at your meeting on March 24th.

\$2,300,000 General Obligation Special Election Bonds:

Due to the large size, yet fairly low complexity of the issue, David Drown Associates, Inc. recommends the bonds be sold through a competitive process. A competitive sale is the best way to ensure the lowest overall cost of borrowing. Key elements of this financing would be:

- Approximate 25 year term to be consistent with prior planning. The term is deemed suitable due to the nature of the improvements contemplated.
- Callable anytime after 2/1/2022 @ par plus accrued interest.
- Offer up to 1.25% discount allowance.
- Standard & Poor's Rating (cost of rating more than offset by interest rate savings)
- Limited Disclosure. Since the City remains under \$10 million in debt it can opt for limited disclosure which requires an annual electronic submittal of audits and immediate notice of any significant events as they occur to the Municipal Securities Rulemaking Board's website. The City is already familiar with and responsible for limited disclosure for prior issues so no additional costs or burdens are expected by pledging this level of disclosure.

Schedule and Issuance:

The proposed schedule for putting the project financing in place is as follows:

March 24 th , 2015	Set Sale Date of Bond Issue
April 28 th , 2015	Award Sale of Bond Issue
May 14 th , 2015	Closing (on or around this date)

I recommend that the City Council approve the attached resolution setting the sale date for this bond issue. Thank you and I look forward to working with the City of St. Charles on this project.

Yours truly,



Mike Bubany, Associate
David Drown Associates, Inc.

Enc.

City of St. Charles, Minnesota

Proposed for Competitive Sale

\$2,300,000
General Obligation Special Election Bonds, Series 2015A

Preliminary

Uses of Funds

Project Costs		2,187,000
Total Project Costs		2,187,000
Underwriter's Discount	1.25%	28,750
Unused Discount		-
Fiscal Fee	verified	13,000
Rating Agency	verified	10,300
Bond Counsel (incl. election processing)	verified	10,000
Pay Agent	verified	750
Printing & Misc	verified	1,250
Capitalized Interest		51,918
Surplus Funds		-
		2,302,968

Sources of Funds

Bond Issue	2,300,000
Bond Premium	-
Construction Fund Earnings	2,968
	2,302,968

Bond Details

Set Sale Date	3/24/2015
Award Date	4/28/2015
Dated Date	5/14/2015
Closing Date	5/14/2015
1st Interest Payment	2/1/2016
Proceeds spent by:	12/31/2016
	<i>to Dated Date</i>
Purchase Price	2,271,250.00
Net Interest Cost	1,267,812.57
Net Effective Rate	3.6026%
Average Coupon	3.521%
Call Option	@ par 2/1/2022
Purchaser	Proposed for Competitive Sale
Bond Counsel	Briggs & Morgan
Pay Agent	Northland Trust Services, Inc.
Tax Status	Tax Exempt, Bank Qualified
Continuing Disclosure	Limited
Rebate	Small-issuer - less than \$5 million this year
Authority	M.S. 475

Payment Schedule & Cashflow

<i>Payment Schedule</i>						<i>Pledged Revenues</i>			<i>Account Balances</i>	
12-Month Period ending	Principal	Rate	Interest	Payment Total	PLUS 5%	Collection Year	Other Revenues	Tax Levies	Surplus (deficit)	Account Balance
5/14/2015								Deposit to Debt Service Fund>		51,918
2/1/2016	-	1.250%	51,918	51,918	51,918	2015	-	-	(51,918)	-
2/1/2017	65,000	1.250%	72,725	137,725	144,611	2016	-	144,611	-	-
2/1/2018	65,000	1.250%	71,913	136,913	143,758	2017	-	143,758	-	-
2/1/2019	70,000	1.700%	71,100	141,100	148,155	2018	-	148,155	-	-
2/1/2020	70,000	1.700%	69,910	139,910	146,906	2019	-	146,906	-	-
2/1/2021	70,000	2.150%	68,720	138,720	145,656	2020	-	145,656	-	-
2/1/2022	75,000	2.150%	67,215	142,215	149,326	2021	-	149,326	-	-
2/1/2023	75,000	2.550%	65,603	140,603	147,633	2022	-	147,633	-	-
2/1/2024	75,000	2.550%	63,690	138,690	145,625	2023	-	145,625	-	-
2/1/2025	80,000	2.800%	61,778	141,778	148,866	2024	-	148,866	-	-
2/1/2026	80,000	2.800%	59,538	139,538	146,514	2025	-	146,514	-	-
2/1/2027	80,000	3.200%	57,298	137,298	144,162	2026	-	144,162	-	-
2/1/2028	85,000	3.200%	54,738	139,738	146,724	2027	-	146,724	-	-
2/1/2029	85,000	3.300%	52,018	137,018	143,868	2028	-	143,868	-	-
2/1/2030	90,000	3.300%	49,213	139,213	146,173	2029	-	146,173	-	-
2/1/2031	95,000	3.450%	46,243	141,243	148,305	2030	-	148,305	-	-
2/1/2032	95,000	3.450%	42,965	137,965	144,863	2031	-	144,863	-	-
2/1/2033	100,000	3.550%	39,688	139,688	146,672	2032	-	146,672	-	-
2/1/2034	105,000	3.600%	36,138	141,138	148,194	2033	-	148,194	-	-
2/1/2035	105,000	3.650%	32,358	137,358	144,225	2034	-	144,225	-	-
2/1/2036	110,000	3.750%	28,525	138,525	145,451	2035	-	145,451	-	-
2/1/2037	115,000	3.800%	24,400	139,400	146,370	2036	-	146,370	-	-
2/1/2038	120,000	3.850%	20,030	140,030	147,032	2037	-	147,032	-	-
2/1/2039	125,000	3.900%	15,410	140,410	147,431	2038	-	147,431	-	-
2/1/2040	130,000	3.950%	10,535	140,535	147,562	2039	-	147,562	-	-
2/1/2041	135,000	4.000%	5,400	140,400	147,420	2040	-	147,420	-	-
	2,300,000		1,239,063	3,539,063	3,713,420		-	3,661,502	(51,918)	

**EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF ST. CHARLES, MINNESOTA**

HELD: March 24, 2015

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of St. Charles, Winona County, Minnesota, was duly held at the City Hall in said City on the 21st day of April, 2015, beginning at 6:00 o'clock P.M. for the purpose, in part, of authorizing the competitive negotiated sale of the \$2,300,000 Special Election Bonds, Series 2015A, of said City.

The following Council members were present:

and the following were absent:

adoption: Council member _____ introduced the following resolution and moved its

**RESOLUTION #10-2015
PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF
\$2,300,000 SPECIAL ELECTION BONDS, SERIES 2015A**

A. WHEREAS, the City Council of the City of St. Charles, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue the City's \$2,300,000 Special Election Bonds, Series 2015A (the "Bonds"), to finance improvements to the public safety building located within the the City ;

B. WHEREAS, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota ("David Drown"), as its independent financial advisor for the Bonds and is therefore authorized to sell the Bonds by a competitive negotiated sale in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9):

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of St. Charles, Minnesota, as follows:

1. Authorization. The Council hereby authorizes David Drown to solicit bids for the competitive negotiated sale of the Bonds.

2. Meeting; Bid Opening. The Council shall meet at the time and place specified in the Terms of Offering attached hereto as Exhibit A for the purpose of considering sealed bids for, and awarding the sale of, the Bonds. The City Administrator, or designee, shall open bids at the time and place specified in such Terms of Offering.

3. Terms of Offering. The terms and conditions of the Bonds and the negotiation thereof are fully set forth in the "Terms of Offering" attached hereto as Exhibit A and hereby approved and made a part hereof.

4. Official Statement. In connection with said competitive negotiated sale, the officers or employees of the City are hereby authorized to cooperate with David Drown and participate in

the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

The motion for the adoption of the foregoing resolution was duly seconded by Council member _____ and, after full discussion thereof and upon a vote being taken thereon, the following Council members voted in favor thereof:

and the following voted against the same:

Whereupon said resolution was declared duly passed and adopted.

Approved this 24th day of March, 2015.

STATE OF MINNESOTA)
COUNTY OF WINONA)
CITY OF ST. CHARLES)

I, the undersigned, being the duly qualified and acting Administrator of the City of St. Charles, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City, duly called and held on the date therein indicated, insofar as such minutes relate to the City's \$2,300,000 Special Election Bonds, Series 2015A.

WITNESS my hand as such Administrator of the City this 24th day of March, 2015.

Nick Koverman
City Administrator

EXHIBIT A

TERMS OF OFFERING

City of St. Charles, Minnesota

\$2,300,000

Special Election Bonds, Series 2015A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Tuesday, April 28th, 2015 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:00 P.M., Central Time, on that same date.

SUBMISSION OF PROPOSALS

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY[®], in the manner described below, until 11:00 A.M., local time on April 28th, 2015. Bids may be submitted electronically via PARITY[®] pursuant to this Notice until 11:00 A.M., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY[®] conflict with this Notice, the terms of this Notice shall control. For further information about PARITY[®], potential bidders may contact David Drown Associates, Inc. or PARITY[®] at (212) 806-8304.

Neither the City of St. Charles nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

DETAILS OF THE BONDS

The Bonds will be dated May 14, 2015, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2016. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature December 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2016	\$ 65,000	2025	\$ 80,000	2034	\$ 105,000
2017	65,000	2026	80,000	2035	105,000
2018	70,000	2027	80,000	2036	110,000
2019	70,000	2028	85,000	2037	115,000
2020	70,000	2029	85,000	2038	120,000
2021	75,000	2030	90,000	2039	125,000
2022	75,000	2031	95,000	2040	130,000
2023	75,000	2032	95,000	2041	135,000
2024	65,000	2033	100,000		

TERM BOND OPTION

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds; provided that no serial bond may mature on or after the first mandatory sinking fund redemption date of any term bond. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name Northland Trust, Minneapolis, MN, as registrar for the Bonds. Northland Trust shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

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

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. As part of the November 4, 2014 ballot, the following question was put forth: "Shall the City of St. Charles, Minnesota, be authorized to issue its general obligation bonds in an amount not to exceed \$2,300,000 to finance the acquisition and betterment of a joint emergency services building for fire and ambulance services and betterment of the existing city hall for expansion of police department facilities?" The canvassed result of the vote was the following: 662 YES / 589 NO.

TYPE OF PROPOSALS

Proposals shall be for not less than \$2,271,250.00 (98.5%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$46,000 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without

award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

AWARD

The proposals will be evaluated on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

SETTLEMENT

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

LIMITED CONTINUING DISCLOSURE

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide, or cause to be provided, upon request, annual financial information, including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5). A description of the City's undertaking is set forth in the Official Statement.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for

any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320. The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 40 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated 24 March, 2015

BY ORDER OF THE CITY COUNCIL

/s/ Nick Koverman
City Administrator



Strategic Goals 1-3 years

1. To foster increased business and job development, while sustaining Main Street.
2. To plan for and adapt for growth in relation to Mayo's DMC.
3. To provide the necessary infrastructure to accommodate growth.
4. To enhance the police department's stature and image.

2015 Goals

1. To ensure the City's financial stability
2. To keep taxes at a reasonable rate
3. To keep utility rates at a reasonable rate
4. To sustain and continue to enhance inter-jurisdictional partnerships
5. To maintain the City's utilities and to make improvements when necessary
6. To adapt to an increased emphasis on green energy
7. To adapt to changing state and federal mandates
8. To project a strong positive attitude for the city and its future
9. To improve the City's fire/ambulance and police facilities

2014 Goals

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Mission Statement

The City of St. Charles will provide a high quality of life, given changing needs and available resources, to our residents, visitors, and businesses in an efficient, professional, responsive manner while preserving our unique characteristics and small town values.

Vision Statement

The City of St. Charles is a vibrant, affordable and diverse community in which all residents enjoy their neighbors, feel safe, and know they will be heard.

Value Statements

1. Excellence and Quality in the delivery of services—We believe that service to the public is our reason for being and strive to deliver quality services in a highly professional, cost-effective and friendly manner.
2. Fiscal Responsibility—We believe that fiscal responsibility and the prudent stewardship of public funds is essential for citizen confidence in government.
3. Ethics, Integrity, and Professionalism—We believe that ethics, integrity, and professionalism are the foundation blocks of public trust and confidence and that all meaningful relationships are built on these values.
4. Open and Honest Communication—We believe that open and honest communication with citizens, staff and council in a spirit of cooperation and teamwork is essential for an informed and involved citizenry and to foster a positive working environment for employees.
5. Respect and Fairness—We believe that all citizens are to be treated with respect, courtesy, and fairness and as partners of the St. Charles community team.
6. Visionary Leadership and Planning—We believe that the very essence of leadership is to be visionary and to plan for the future.
7. Creativity and Innovation—We believe that our city can best prosper in a changing world by valuing and encouraging creativity, new ideas, and innovation in the workforce and the services we provide.
8. Community Partnerships—We believe in strong partnerships with the school district, the county, neighboring public sector jurisdictions, and community organizations.
9. Diversity in our Workforce and Community—We believe that a diverse workforce and community adds to and brings out the best of a community.

**City of St. Charles
Resolution #11-2015**

**A RESOLUTION ACCEPTING QUOTES
AND AWARDING A DEMOLITION CONTRACT**

WHEREAS, pursuant to request for quotes for the Municipal Capital Expenditure for the demolition of fire hall at 613 Church, the house and garage at 637 Church, bids were received, opened, and tabulated, and the following were received complying with the request:

<u>Bidder</u>	<u>Base Bid</u>
T&R Excavating	\$19,236.00 (A)
	\$22,170.00 (B-includes crushing concrete on site)
Pearson Backhoe Service Inc.	\$40,235.00

WHEREAS, upon tabulation of the quotes with respect to the specifications, it appears that T&R Excavating is the lowest responsible bidder that meets the required specifications.

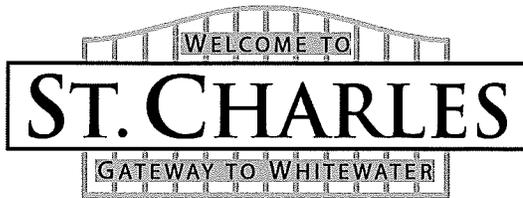
NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ST. CHARLES, MINNESOTA THAT:

1. The Mayor and the City Administrator are authorized and directed to enter into a contract with T&R Excavating for the demolition project in the amount of \$22,170.00

Adopted by the Council of the City of St. Charles, Minnesota this 24th day of March, 2015.

John Schaber, Mayor

Attest: _____
Nick Koverman, City Administrator

**Request for City Council Action**

Date: March 20, 2015

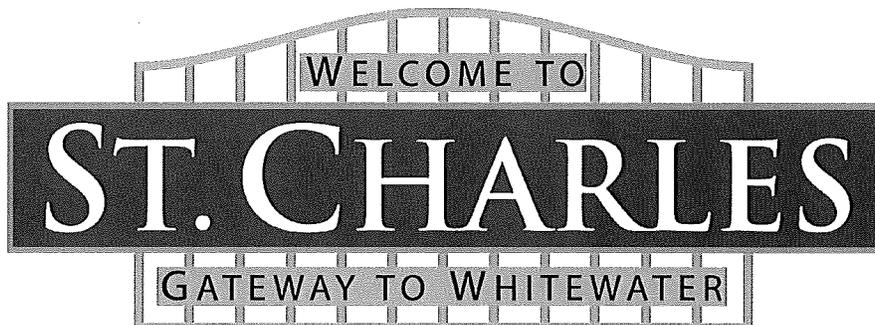
Requested Council Date: March 24, 2015

Originating Department: Public Safety

Council Action Requested: Awarding of Demolition Bid to T&R Excavating (Option B).

Background Information: After discussion of the Demolition bids from T&R Excavating, it was discussed as to the need and usability of the crushed concrete for the fire/ambulance building project. After discussing the item with Terry Soppa, it was agreed that the committee recommended the approval of the bid to T&R Excavators for OPTION B (\$22,170) that included crushing of the concrete. However, should it be determined that the product is not a viable use for the project and no need to the city, T&R Excavating will truck the material at their expense and allow the city to exercise OPTION A (\$19,236).

The total yardage of crushed concrete is anticipated to equate to 715 yards at \$12.87 per yard of product and trucking that T&R Excavating believes will be produced (value of \$9,202.05). In discussing the potential uses of this material there is a difference of opinion of the quality of the material and ability to use it in new construction.



June 12, 2012

12. Water Service Policy. Admin. Koverman reviewed the memo provided to Council that highlighted the various sources that he sought input from with respect to ownership. Five area administrators in towns ranging in population from 1,500 to 6,000 were queried, as well as the League of MN Cities Insurance Trust, the city attorney, the city engineer, and independent insurance carriers. The general consensus of the group when asked to identify the benefits of the city taking over ownership of the water service lateral was difficult to identify. He relayed that the general question of what the problem was was asked as well as the concern of why the city would want to add additional liability. In the end, it was recommended to keep the existing policy in place. Clm. Getz stated that he felt it was a problem for residents to own to the shutoff and that it should be the City's responsibility. With the options presented he indicated he feels the City should look to take ownership Jan. 1, 2013. Clm. Dahl expressed that he felt keeping the current policy was the best move for the City and that increasing rates was not what he felt the residents wanted. Clm. Schaber expressed that he saw both sides of the issue. Admin. Koverman did express that should the Council choose to review an ordinance change that it should be clear that the ownership of the line should only go as far as the city's boulevard or easement permits. Discussion was held with respect to potential fees and what those fees may generate to ensure that a responsible service would be provided. As a result the Council thought that it would be good to have feedback provided by residents with regard to whether or not they would be in favor of a fee to cover costs of the service. A motion was made to survey the residents to gauge their interest in the City taking over the water service lateral and adding a fee to the bill for coverage of the water service lateral.

Motion to approve: **Wayne Getz**

No further discussion.

Motion carried.

August 28, 2012

11. Water Survey Results. Admin. Koverman opened the discussion by reporting the results of the informal survey. He indicated that 13 percent of the customers responded and that 87 voted in favor of an extra charge and the city owning the infrastructure and 100 voted against the same. Clm. Braun expressed his concern of the lead goosenecks with Clm. Getz supporting. Clm. Dahl was opposed to the City simply absorbing the liability into an already lean budget. Mayor Spitzer expressed that he did not want to burden the customer any further and was hesitant of additional charges and discussed why the program should include everyone versus a voluntary program. Council discussed dollar amounts associated with repairs of shutoff valves as well as potential breaks. The Council agreed that looking at adding \$15,000 as a budget item would be the first step and that they would review this again in October when Mike Bubany was present to discuss the impacts.

September 25, 2012

12. Water Service Line. Admin. Koverman presented a potential proposal that addressed passed discussions of the water service lateral ownership. One of the main points taken away from the discussion was the idea of the unforeseen costs of the breaks associated with the water line. A proposal was brought forward to provide a potential way for residents who have paid water base charges to access those fees and to help offset unexpected bill associated with a water break between the main and the easement/city boulevard. A proposal for a 50/50 grant program was suggested as a way to pay for half of the break that may take place in the area that is owned by the resident. It was discussed how this was seen as a potential solution to the concern of certain materials including lead goosenecks in the older parts of town. Unfortunately, it was also reviewed that potentially it would only affect those homes 1940 or older, while newer homes would not be as open to the risk; therefore an additional charge seemed impractical. Cost sharing would help to protect both the homeowner as well as the city from repair costs/charges. A cost breakdown for repairs based on passed discussion was included to show the potential effects on a water increase with the grant program versus taking over ownership and being responsible to make repairs was also discussed. It was discussed how the budgeting of the item would work and that it could be its own separate item or be rolled into a repair/maintenance line item of the water budget. It was Admin. Koverman's hope that it would simply be absorbed into the budget, but Mike Bubany of David Drown & Associates would review the CIP plan and additional factors to make a final recommendation. All Councilmen agreed it was a good compromise and offer all residents help. No formal action was taken, but the consensus of the Council was to move forward with structuring the idea.



Memorandum

To: City Council
From: Nick Koverman, City Administrator
Date: September 19, 2012
Subject: Water Service Ownership

As we prepare to have Mike Bubany provide some more in depth analysis with respect to water and sewer rates in connection to operating budgets on October 9, a potential program/policy idea had been presented as an option. One of the purposes and reasons that people pay base charges is to pay for ongoing repairs/maintenance, new services, etc. One question posed is what is the goal of the discussion being presented with respect to the water line ownership. One of the main reasons heard as part of the discussion was the unexpected costs associated with potential lines that may break from the main to the water shutoff including lead goosenecks. While this is a reality in some of the older neighborhoods that up until now has not been widely expressed, it may only affect up to 50 percent of the population with the remaining homes being built in the 1970s and later. In talking this issue over with former St. Charles Public Works Superintendent, Gus Ihrke, his estimation of water line issues for most homes on average would not occur as far out as 60-70 years if at all. However, by trying to help all residents, both young families and older residents, an idea of a grant program as a way for residents to directly access past and futures collections was brought up.

The main item discussed was helping residents to tackle those unforeseen breaks that they may not be able afford, but ultimately, still comes with home ownership. The idea of a 50/50 grant program was proposed whereby if a break occurred from the main to the city boulevard or easement, the resident could apply for the grant after receiving an estimate from a certified contractor. The remainder of the bill could be assessed to an owner's property taxes if they choose, which reduces the city's role of serving as a bank. This would help to reduce the homeowner's up front financial liability, while offsetting the costs as well as providing some protection of costs as well to the city. Additional costs could be defrayed by the city, if time permitted, to aid in the repair and utilize our own manpower and equipment where applicable. Again, if a curbstop break occurs at a cost of \$400 we can help defray that expense of the repair, but it also does not simply allow the home owner not to take care of that piece of equipment because it's not theirs to maintain.

If it is estimated that \$7,700 is estimated for a grant program budget based on the Council's last discussion, with 1,459 accounts it would mean roughly \$5.28/year or .44 cents a month. This equates to roughly a 2.8 percent increase in base charge and is before we look at our current CIP/operations budget. A \$15,000 repair/maintenance and budget as discussed previously would equate to roughly a 5.6 percent increase alone at .86 cents/month.

This potential solution would provide some financial comfort to residents who may have to deal with a potential break, if indeed it occurs at all.



CONNECTING & INNOVATING
SINCE 1913

LIABILITY COVERAGE – WAIVER FORM

LMCIT members purchasing coverage must complete and return this form to LMCIT before the effective date of the coverage. Please return the completed form to your underwriter or email to pstech@lmc.org

This decision must be made by the member's governing body every year. You may also wish to discuss these issues with your attorney.

League of Minnesota Cities Insurance Trust (LMCIT) members that obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

If the member does not waive the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits apply regardless of whether the city purchases the optional excess liability coverage.

If the member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could potentially recover up to \$2,000,000 for a single occurrence. (Under this option, the tort cap liability limits are waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2 million.) The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.

If the member waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

_____ selects liability coverage limits of \$_____ from the League of Minnesota Cities Insurance Trust (LMCIT).

Check one:

The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04.

The member **WAIVES** the monetary limits on municipal tort liability established by Minnesota Statutes, Section 466.04 to the extent of the limits of the liability coverage obtained from LMCIT.

Date of city council/governing body meeting _____

Signature _____ Position _____