

City Council Meeting
Special Meeting
City of Tower
June 29, 2015
Monday @ 5:30PM
City Council Chambers

The regular meeting of the Tower City Council was called to order by Acting Mayor William Hiltunen.

Present: Broten, Dougherty, Hiltunen, and Matich

Absent: Carlson

Also Present: L Keith

Visitors: Steve Altenburg

A motion was made by Dougherty and supported by Matich to Resolve that, By the City Council (the "Council") of the City of Tower, St. Louis County, Minnesota (the "City") as follows:

Section 1. Recitals.

1.01. The City proposes to finance certain public infrastructure improvements, including the construction of various components of the City's Harbor Project (the "Project"). The City proposes to use abatement for the purposes provided for in Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Act"). The proposed term of the abatement will be for up to 20 years in an amount not to exceed \$326,659. The abatement will apply to the City's share of the property taxes (the "Abatement") derived from the property described by property identification numbers on the attached Exhibit A (the "Abatement Property").

1.02. On the date hereof, this Council conducted a duly noticed public hearing on the Abatement at which the views of all interested persons were heard, and said hearing was preceded by at least 10 days but not more than 30 days prior published notice.

1.03 The Abatement is authorized under the Act.

Section 2. Findings.

2.01. This Council finds and determines that the benefits to the City from the Abatement will be at least equal to the costs to the City of the Abatement because (a) the Abatement will help develop and provide access to services for residents of the political subdivision, and (b) the Project will increase or preserve the tax base.

2.02. This Council finds and determines that the Abatement is in the public interest and confers public benefits for the reasons described in Section 2.01 hereof and because it will finance public infrastructure.

2.03. The Abatement Property will not be located in a tax increment financing district during the term of the Abatement.

2.04. In accordance with Section 469.1813, Subdivision 8 of the Act, in no year shall the Abatement, together with all other abatements approved by the City under the Act and paid in that year, exceed the greater of 10% of the City's net tax capacity for the taxes payable year to which the Abatement applies or \$200,000.

Section 3. Actions Ratified; Abatement Approved.

3.01. This Council ratifies all actions of the City's staff and consultants in arranging for approval of this Resolution in accordance with the Act.

3.02. Subject to the provisions of the Act, the Abatement is approved and adopted subject to the following terms and conditions:

- (a) The Abatement shall be up to 20 years commencing with real estate taxes payable in 2016 and continuing through 2035, inclusive.
- (b) The aggregate Abatement paid by the City shall not exceed \$326,659.
- (c) The Abatement shall at all times be subject to the Act.
- (d) In accordance with Section 469.1815 of the Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Resolution.

3.03. The Mayor and the City Clerk are authorized and directed to execute and deliver any agreements, certificates or other documents that the City determines are necessary to implement this Resolution.

The motion carried unanimously.

A motion was made by Matich and supported by Dougherty to Resolve that by the City Council (the "City Council") of the City of Tower, St. Louis County, Minnesota (the "Issuer"), as follows:

Section 1. Bond Purpose and Authorization.

1.01 Authority. Pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Act"), the governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer payments of the taxes and abate the interest and penalty that otherwise would apply, subject to certain conditions set forth in the Act.

1.02 Abatement Recitals.

A. The Issuer has previously granted a property tax abatement (the "Abatement") in order to help finance certain public infrastructure improvements, including the construction of various components of the City's Harbor Project (the "Project"), all pursuant to the Act.

B. The Issuer has identified 3 commercial properties as described on **Exhibit A** hereto (the "Abatement Properties") from which the Issuer proposes to abate a portion of the Issuer's share of taxes to help finance the Project, subject to the terms and conditions of this resolution.

C. The Abatement Properties are not within a tax increment financing district.

D. On even date herewith the City Council held a public hearing on the Abatement, at which all those wishing to speak were heard.

E. The Abatement has been approved.

1.03 Authorization of Bond.

A. Pursuant to the authority contained in Section 469.1814 of the Act and Minnesota Statutes, Chapter 475, the Issuer determines that it is necessary and expedient to issue \$258,000 Taxable General Obligation Tax Abatement Bonds, Series 2015A (the "Bond").

B. The Bond shall provide funds to finance the Project. The amount of the Abatement is equal to the part of the property tax amount payable to the Issuer on the Abatement Property during the term of the Abatement, which is presently estimated to be not less than \$326,659. The total amount of property taxes abated by the Issuer in any year does not exceed the greater of (1) ten percent of the net tax capacity, or (2) \$200,000. Work on the Project shall proceed with due diligence to completion.

1.04 Placement Agent. The Issuer has retained Dougherty & Company LLC, as its placement agent, to assist the Issuer with the Project and the issuance of the Bond.

1.05 Sale of the Bond. The Issuer has received an offer from the Martin and Elizabeth Gundersen Trust (the "Purchaser"), to purchase the Bond at a cash price of \$258,000, plus accrued interest on the total principal amount to the date of delivery of the Bond, upon condition that the Bond mature and bear interest at the times and annual rates set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper, and the offer of the Purchaser is accepted. The Mayor and the Clerk-Treasurer are authorized to execute on the part of the Issuer a contract for the sale of the Bond in accordance with the Purchaser's proposal.

2.01 Interest Rate and Principal Maturities.

A. The Bond shall be dated the date of its closing and delivery as the date of original issue, shall be issued in the denomination equal to the principal amount thereof, shall be issued in fully registered form and lettered and numbered R-1. The Bond shall bear interest at the annual rate of 2.25 percent and shall mature on the dates and in the installment amounts shown below.

Year	Principal
2/1/2017	\$5,000
2/1/2018	\$10,000
2/1/2019	\$11,000
2/1/2020	\$12,000
2/1/2021	\$12,000
2/1/2022	\$12,000
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$12,000
2/1/2026	\$12,000
2/1/2027	\$14,000
2/1/2028	\$14,000
2/1/2029	\$14,000
2/1/2030	\$14,000

2/1/2031	\$14,000
2/1/2032	\$14,000
2/1/2033	\$16,000
2/1/2034	\$16,000
2/1/2035	\$16,000
2/1/2036	\$16,000

B. The maturities of the Bond, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Minnesota Statutes, Section 475.54.

2.02 Prepayment. The Bond is prepayable on any payment date without notice at a price of par plus accrued interest to the prepayment date.

2.03 Interest Payment Dates. A. Interest on the Bond shall be payable semi-annually on February 1 and August 1 in each year (each referred to herein as an "Interest Payment Date"), commencing on February 1, 2016. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

B. The Registrar designated below shall make all interest payments with respect to the Bond by check or draft mailed to the registered owners of the Bond shown on the bond registration records maintained by the Registrar designated below at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owners' addresses shown on such bond registration records.

2.04 Preparation. A. The Bond shall be prepared for execution in accordance with the approved form and shall be signed by the manual signature of the Mayor and attested by the manual signature of the Clerk-Treasurer. The corporate seal of the Issuer may be omitted from the Bond as permitted by law. In case any officer whose signature shall appear on the Bond shall cease to be an officer before delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

B. The Clerk-Treasurer is authorized and directed to obtain a copy of the proposed approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, which is to be complete thereof and cause the opinion to be attached to the Bond.

2.05 Appointment Registrar. The City Council appoints the Clerk-Treasurer as registrar, authenticating agent, paying agent and transfer agent for the Bond (the "Registrar"). The Issuer reserves the right to name a substitute, successor Registrar upon giving prompt written notice to each registered Bond holder.

2.06 Registered Owner. The Bond shall be registered in the name of the Purchaser.

2.07 Register. The Issuer shall cause to be kept by the Registrar a bond register in which, subject to such reasonable regulations as the Registrar may prescribe, the Issuer shall provide for the registration of the Bond and the registration of transfers of the Bond entitled to

be registered or transferred as herein provided. In the event of the resignation or removal of the Registrar or its incapability of acting as such, the Bond registration records shall be maintained at the office of the successor Registrar as may be appointed by the City Council.

2.08 Payment. A. The Issuer and the 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 interest on such Bond and for all other purposes whatsoever, whether or not such Bond be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

B. The principal of and interest on the Bond shall be payable by the Registrar in such funds as are legal tender for the payment of debts due the United States of America. The Issuer shall pay the reasonable and customary charges of the Registrar for the disbursement of principal and interest.

2.09 Delivery. Delivery of the Bond and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. The printed and executed Bond shall be furnished by the Issuer without cost to the Purchaser. The Bond, when prepared in accordance with this resolution and executed, shall be delivered by or under the direction of the Clerk-Treasurer to the Purchaser thereof upon receipt of the purchase price plus accrued interest.

Section 3. Form of Bond. The Bond shall be typewritten or printed in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF ST. LOUIS

R-1

\$258,000

CITY OF TOWER
TAXABLE GENERAL OBLIGATION TAX ABATEMENT BOND,
SERIES 2015A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.25%	February 1, 2036	July 24, 2015

REGISTERED OWNER: MARTIN AND ELIZABETH GUNDERSEN TRUST

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-EIGHT THOUSAND DOLLARS

The City of Tower in the County of St. Louis, Minnesota (the "Issuer"), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above, on the maturity date specified above, and to pay interest on said principal amount to the registered owner hereof from the date of original issue set forth above, or from the most recent Interest Payment Date to which

interest has been paid or duly provided for, said interest being at the rate per annum specified above.

Interest is payable semi-annually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on February 1, 2016. This Bond is payable in the principal installment amounts and at the times described below. Payments shall be applied first to interest due on the outstanding principal balance and thereafter to reduction of the principal balance.

Year	Principal
2/1/2017	\$5,000
2/1/2018	\$10,000
2/1/2019	\$11,000
2/1/2020	\$12,000
2/1/2021	\$12,000
2/1/2022	\$12,000
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$12,000
2/1/2026	\$12,000
2/1/2027	\$14,000
2/1/2028	\$14,000
2/1/2029	\$14,000
2/1/2030	\$14,000
2/1/2031	\$14,000
2/1/2032	\$14,000
2/1/2033	\$16,000
2/1/2034	\$16,000
2/1/2035	\$16,000
2/1/2036	\$16,000

Both principal of and interest hereon are payable in lawful money of the United States of America by check or draft at the office of the Clerk-Treasurer, as Registrar, paying agent, transfer agent and authenticating agent (the "Registrar"), or at the office of such successor Registrar as may be designated by the City Council. The Registrar shall make all interest payments with respect to this Bond directly to the registered owner hereof shown on the bond registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the Interest Payment Date at such owner's address shown on said bond registration records, without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Issuer to the extent of the payments so made. Payment of principal shall be made upon presentation and surrender of this Bond to the Registrar when due. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the Issuer are irrevocably pledged.

The Bond comprises the entire amount of this series issued by the Issuer as one fully registered Bond without coupons, in the aggregate amount of \$258,000, pursuant to the authority contained in Minnesota Statutes, Chapter 475, Section 469.1814 and all other laws and home rule charter provisions of the Issuer thereunto enabling, and pursuant to a resolution adopted by the governing body of the Issuer on June 29, 2015 (the "Resolution"), for the purpose of financing certain local public infrastructure improvements, including the reconstruction of various components of the Harbor Project in the City (the "Project") and for payment of part of the interest cost of said bond issue and costs of issuance. The principal hereof and interest hereon are payable from an abatement of taxes, pursuant to Minnesota Statutes, Sections 469.1812 to 469.1815, imposed by the Issuer on certain property as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

The Bond is prepayable on any payment date without notice at a price of par plus accrued interest to the prepayment date.

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Charter of the Issuer and by the laws and the Constitution of the State of Minnesota to be done and to exist precedent to and in the issuance of this Bond, in order to make it a valid and binding general obligation of the Issuer in accordance with its terms, have been done and do exist in form, time and manner as so required; that all taxable property within the corporate limits of the Issuer is subject to the levy of ad valorem taxes to the extent needed to pay the principal hereof and the interest hereon when due, without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the Issuer to exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Tower, St. Louis County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the manual signature of the Mayor and attested by the manual signature of the Clerk-Treasurer, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

Section 4. Revenues, Accounts and Covenants.

4.01 The Fund. There is created a special fund to be designated the "2015 Tax Abatement Program Fund" (the "Fund") to be administered and maintained by the Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Bond and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the "Construction Account" and "Debt Service Account," respectively:

A. *Construction Account.* To the Construction Account there shall be credited \$258,000, less amounts used to pay a part of the interest cost of the issue as allowed by Minnesota Statutes, Section 475.56, less amounts necessary to pay capitalized interest, and less accrued interest. The funds from this account shall be used solely to pay public development costs of the Project, including the cost of any construction contract and all

other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65 and the Act and the money in said account shall be used for no other purpose except as otherwise provided by law.

B. Debt Service Account. Abatement received from the Abatement Property pursuant to the *Resolution Approving Property Tax Abatement For Certain Property Located in the City of Tower* adopted June 29, 2015, regarding the Abatement Property (the "Abatement Resolution") and ad valorem taxes levied in this resolution, if any, are pledged to the Debt Service Account. There is appropriated to the Debt Service Account the amount used to pay part of the interest cost of the Bond as allowed by Minnesota Statutes, Section 475.56, all capitalized interest funded from Bond proceeds and accrued interest paid at closing and delivery of the Bond by the Purchaser. The money in the Debt Service Account shall be used for no purpose other than the payment of principal and interest on the Bond; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Account, the Clerk-Treasurer shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Account when the balance therein is sufficient.

4.02 Covenants. A. Notwithstanding anything in this resolution to the contrary, the Issuer warrants, represents and covenants that the Abatement will be spent only in accordance with this resolution. The Issuer further warrants, represents and covenants that unless otherwise provided in this resolution, the Abatement shall be deposited, as received, in the Debt Service Account and shall only be spent for payment of the principal of and interest on the Bond.

B. It is recognized, however, that the Issuer's liability on the Bond is not limited to the Abatement so pledged, and the City Council covenants and agrees that it will levy upon all taxable property within the Issuer, and cause to be extended, levied and collected, any taxes found necessary for full payment of the principal of and interest on the Bond, without limitation as to rate or amount.

4.03 No Tax Levy. It is hereby determined that the estimated collection of Abatement and interest thereon for payment of principal and interest on the Bond will produce at least five percent in excess of the amount needed to meet when due, the principal and interest payments on the Bond and that no tax levy is needed at this time.

4.04 Investments. Monies on deposit in the Construction Account and the Debt Service Account may, at the discretion of the Clerk-Treasurer, be invested in securities permitted by Minnesota Statutes, Chapter 118A; provided, that any such investments shall mature at such times and in such amounts as will permit payment of the principal and interest on the Bond when due.

Section 5. Miscellaneous.

5.01 Filing with County Auditor. The Clerk-Treasurer is directed to file with the County Auditor a certified copy of this resolution and such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bond herein authorized have been duly entered on the County Auditor's register.

5.02 Offering Materials. The Mayor and Clerk-Treasurer are hereby authorized and directed to certify that they have examined the Offering Circular prepared and circulated in connection with the issuance and sale of the Bond and that to the best of their knowledge and belief the Offering Circular is a complete and accurate representation of the facts and representations made therein as of the date of the Offering Circular.

5.03 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or the Clerk-Treasurer, such officers or members of the City Council as in the opinion of the Issuer's attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Bond, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 6. Pre- and Post-Issuance Compliance Policy and Procedures. The City Council has been provided with a Pre- and Post-Issuance Compliance Policy and Procedures which shall apply to qualifying obligations to provide for compliance with all applicable federal regulations for tax-exempt obligations or tax-advantaged obligations (collectively, the "Policy and Procedures"). The City Council hereby approves the Policy and Procedures which have been presented to the City Council. The Clerk-Treasurer is designated to be responsible for post-issuance compliance in accordance with the Policy and Procedures.

EXHIBIT A
Abatement Property

Parcel Identification Numbers:

080-0020-00172
080-0000-09900
080-5800-09920

The motion carried unanimously.

A motion was made by Matich and supported by Broten to adjourn. Time out was 5:48PM.

Respectfully submitted,



Linda K Keith
City Clerk Treasurer