

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

- 1. Call to Order**
- 2. Mayor's State of Address**
- 3. Citizens' Concerns**
- 4. Agenda Additions and Deletions**
- 5. Approval of Consent Agenda**
 - a. Council Minutes of the December 14, 2021
 - b. Bills paid between Council meetings and Council bills
 - c. Liquor Store bills for December 20201
 - d. General Fund/Special Revenue Money Market Account Report
 - e. 2022 Investment Schedule/Bond Schedule
 - f. American Rescue Plan Funding 2021-2026
 - g. Late water/sewer bills
- 6. Set Time, Place and Date of Regular 2022 Council Meetings**
- 7. Appointment of Acting Mayor**
- 8. Appointments**
 - a. Council Portfolios & Committee Representatives
 - b. Appoint City Attorneys: Ramstad, Skoyles & Winters, P.A.
 - c. Designate Official Newspaper: Frazee-Vergas Forum
 - d. Designation of official place of advertisement of projects: cityofvergas.com website
 - e. Designate Official Depositories: Vergas State Bank
- 9. Main Street Food Trucks & Music**
- 10. Committee Reports**
 - a. Park Board
 - b. Personnel
- 11. Construction Permits**

101 1st Ave N-sign
- 12. Staff Reports**

Utilities Superintendent Report
- 13. Information & Announcements**
 - a. MN Rural Water Conference – March 1-3, 2022 (DuFrane) St Cloud
 - b. MN Clerks and Finance Officers – March 22 -25, 2022 (Lammers) St Cloud
 - c. Clerks Advanced Academy- (Lammers)Waite Park
 - d. LMC, Loss Control Workshop (DuFrane, Engebretson, Lammers)
 - e. League of MN Cities Annual Conference (Mayor, Council & Lammers)
 - f. Municipal Beverage Association (MMBA) (Theisen) Arrowwood

14. Adjournment

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4. Agenda Additions and Deletions

Files Attached

- Compliance Policy-Gen Obligation Water Revnue Note, Series 2022A.pdf
- Resolution 2022-001 Authorizing the Issuance, Sales and Delivery of a \$132,000 Gen Obligation Water Rev. Note, Series 2022A.pdf
- Loan Agreement-Gen Obligation Water Rev Note, Series 2022A.pdf
- Vergas Ordinance 2022-001 Committees.pdf

CITY OF VERGAS, MINNESOTA
PRE- AND POST-ISSUANCE COMPLIANCE POLICY AND PROCEDURES

I. DEFINITIONS

For purposes of this policy and procedure, the following capitalized terms have the meanings given:

Bond Counsel: the firm of Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, Minnesota, or any other firm of nationally recognized bond counsel experienced in tax-exempt financing, selected by the Issuer.

Code: the Internal Revenue Code of 1986, as amended.

Compliance Officer: the Clerk-Treasurer of the Issuer, or any other person designated in writing by the Clerk-Treasurer or by resolution of the governing body of the Issuer.

Conduit Bonds: a common term for Obligations that are issued for the purpose of making loans to Conduit Borrowers.

Conduit Borrower: an entity other than a state or local government who is responsible for the payment of debt service on Conduit Bonds and is contractually obligated to maintain the tax-exempt status of the Conduit Bonds.

Conduit Issue: an issue of Conduit Bonds.

Conduit Issuer: a state or local government which issues Conduit Bonds.

Conduit Loan: the loan of the proceeds of the Conduit Bonds by a Conduit Issuer to a Conduit Borrower.

Declaration: an official action by the Issuer of its intent to reimburse itself for previously paid expenditures out of the proceeds of subsequently issued tax-exempt Obligations.

Designees: one or more employees or consultants under the supervision of the Compliance Officer.

EMMA: the Electronic Municipal Market Access system of the MSRB.

Issuer: the City of Vergas, Minnesota.

MSRB: the Municipal Securities Rulemaking Board, or any successor to its functions.

Obligations: the Issuer's existing, proposed and future obligations on which it is directly obligated.

Official Statement: collectively, preliminary and final Official Statements, remarketing circulars or offering memoranda used in connection with the offering of Obligations.

Treasury Regulations: regulations promulgated by the IRS under the Code.

VCAP: the Treasury's Tax-Exempt Bonds Voluntary Closing Agreement Program.

II. STATEMENT OF PURPOSE

This document sets forth specific policies of the Issuer designated to monitor pre- and post-issuance compliance by the Issuer with provisions of the Code and Treasury Regulations applicable to the Obligations.

This policy and procedure documents various procedures and systems implemented or to be implemented by the Issuer and in order to identify on a timely basis facts relevant to compliance with the requirements that must be satisfied prior and subsequent to the issuance of Obligations in order that the interest on such Obligations be, or continue to be, or would be but for certain provisions of the Code, excludable from gross income for federal income tax purposes. The Issuer recognizes that compliance with applicable provisions of the Code and Treasury Regulations is an on-going process, necessary during the entire term of the Obligations, and an integral component of the Issuer's debt management. Accordingly, the analysis of those facts and implementation of this policy and procedure will require on-going monitoring and, likely, consultation with Bond Counsel beyond the scope of its initial engagement with respect to the issuance of particular Obligations.

III. PROCEDURES APPLICABLE TO DIRECT OBLIGATIONS OF THE ISSUER

A. Monitoring of Post-Issuance Compliance

Monitoring of pre- and post-issuance compliance for tax-exempt Obligations will be the responsibility of the Compliance Officer. The Compliance Officer may appoint Designees to carry out certain duties under this policy and procedure on his or her behalf in the same manner and with the same effect as any similar designation for any other purpose permitted by law.

B. Compliance with Covenants in Bond Documents

The Compliance Officer shall monitor compliance with all financial and operational covenants made by the Issuer in the documents relating to the issuance of the Obligations, including but not limited to financial reporting and restrictions on incurring additional indebtedness.

C. Federal Tax Law Compliance

1. Issue Price. An issue of obligations is a good candidate for a negotiated sale if the Issuer has not issued its direct obligations in a significant period of time; the Issuer has not traditionally sought a credit rating; the issue is relatively small and as a result the costs of issuance of a competitive sale are unduly burdensome; or the restructuring of debt to be refunded or refinanced and extending repayment and targeting specific debt service and tax levy thresholds requires a fair amount of tinkering and dialogue

with both the Issuer and the investors, which is much easier to accomplish with the flexibility of a negotiated pricing.

- a. In conjunction with the negotiated sale of any direct obligations of the Issuer, the Compliance Officer shall, or shall request the Issuer's independent financial advisor to, monitor the issue price of any direct obligations of the Issuer in accordance with the Government Finance Officers Association's Best Practice relating to Pricing Bonds in a Negotiated Sale.
 - b. In the event the Issuer's independent financial advisor is unavailable, the Issuer will request the purchaser to provide ongoing information to the Issuer about how the market for obligations such as the ones the Issuer is contemplating is changing and how it will impact the rates, especially in the weeks leading up to the sale. In addition, the Issuer will request that the purchaser, during the pricing process, provide "comparables" to the Issuer, for purposes of comparing the pricing on the obligations against other similarly rated issues in the market, including trades posted on EMMA.
2. Proper Use of Proceeds. The Compliance Officer shall monitor the use of proceeds of the Obligations so that such proceeds are allocated to expenditures in a manner that is consistent with the purpose for which each issue of Obligations is undertaken, as set forth in any tax compliance certificate or agreement related to each issue of Obligations.
3. Investment of Bond Proceeds. The Compliance Officer shall monitor the investment of proceeds of the Obligations to ensure that such proceeds are invested in investments that are permissible under Minnesota Statutes, Chapter 118A, the documents relating to the issuance of the Obligations and any applicable federal tax.
4. Arbitrage Rebate. The Compliance Officer shall monitor the expenditures of proceeds of the Obligations to verify compliance with available exceptions to the arbitrage rebate requirements of the Code and Treasury Regulations. If the Obligations do not qualify for an exception, the Compliance Officer shall see to the timely completion of arbitrage rebate calculations, filings and payment to the United States Department of the Treasury of any required arbitrage rebate payments.
5. Yield Reduction Payments and Calculations. The Compliance Officer shall consult with Bond Counsel prior to the calculation of yield reduction payments, filings and payment to the United States Department of the Treasury of any required yield reduction payments.

6. Post-Issuance Transactions. The Compliance Officer shall consult with Bond Counsel as follows:
 - a. before making any modifications or amendments to the documents for an issue of Obligations, including, but not limited to, entering or modifying investment agreements; making any change in security for the Obligations; engaging in post-issuance credit enhancement transactions (e.g., bond insurance, letters of credit) or hedging transactions (e.g., interest rate swaps, caps); terminating or appointing successor trustees; releasing any liens; or reissuing the Obligations; and
 - b. in the event the Issuer determines to change the use of any facilities financed with an issue of Obligations. For purposes of the foregoing, “change of use” includes the lease, management or use of any portion of the financed facilities by a person or entity other than the Issuer.
7. Remedial Action. The Compliance Officer shall be aware of options for voluntary corrections for failure to comply with post-issuance compliance requirements (such as remedial actions under Section 1.141-12 of the Regulations and VCAP). In the event that it is determined that any use of proceeds of or facilities financed by the Obligations is inconsistent with the character of the status for federal income tax purposes of the Obligations, the Compliance Officer shall consult with Bond Counsel for the purpose of determining the nature and extent of any remedial action necessary or proper for the Issuer to take with respect to such Obligations, including participation in VCAP.
8. Tax Credit Bonds. The Compliance Officer will consult with Bond Counsel regarding federal income tax requirements unique to any tax credit bonds issued by the Issuer and any monitoring procedures that need to be put into place by the Issuer in order to achieve tax compliance.

D. Federal Securities Law Compliance

1. General. The Compliance Officer shall monitor compliance with all applicable federal securities laws and regulations, including the continuing disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.
2. Official Statements. The Compliance Officer shall monitor compliance with all applicable federal securities laws and regulations and shall timely identify those who, for a particular financing, are appropriate to assist Bond Counsel, underwriter(s), underwriter’s counsel, financial advisors, and appropriate staff in the preparation and review of the related Official Statement. Staff identified to assist with preparation or review of the

Official Statement shall be contacted as soon as reasonably practical in order to provide adequate time for such individuals to perform a thoughtful and critical review or draft of those portions of the Official Statement assigned to them.

- a. Any request to assist with preparation or review of the Official Statement shall provide that the person assisting must raise any item which could be material for inclusion in the Official Statement.
- b. The Issuer's external auditors should be notified of the Issuer's schedule for publishing the Official Statement.
- c. Confirmation that no material changes exist with respect to Official Statements shall be requested from counsel to the Issuer.

3. Continuing Disclosure. The Compliance Officer will review each continuing disclosure undertaking of the Issuer to determine the financial and operating information required to be filed annually by the Issuer with the MSRB on EMMA. The Compliance Officer shall:

- a. on an annual basis, submit the Issuer's audited financial statements to the entities required by the applicable continuing disclosure undertaking and documents relating to the Obligations;
- b. at such times required by any continuing disclosure undertaking, submit an annual financial report including any operational information required by a continuing disclosure undertaking, to the entities required by the applicable continuing disclosure undertaking and documents relating to the Obligations; and
- c. make a timely report of any significant material events (as defined by the applicable disclosure agreement) related to the Issuer's outstanding Obligations to the entities required by the documents relating to the Obligations.

4. Material Events.

- a. The Compliance Officer shall make a timely report of any significant material events (as defined by the applicable disclosure undertaking) related to the Issuer's outstanding Obligations to the MSRB on EMMA and any other entities required by the documents relating to the Obligations.
- b. If the Compliance Officer obtains actual knowledge of the occurrence of any event that the Compliance Officer believes may constitute an event requiring disclosure, the Compliance Officer will contact Bond Counsel to determine if notice of the event is

required to be given to the MSRB under the continuing disclosure undertakings. If it is determined that notice should be provided to the MSRB or is required to be provided to the MSRB by the continuing disclosure undertaking, the Compliance Officer will cause the appropriate notice to be filed with the MSRB on EMMA within 10 business days after the occurrence of the event or as otherwise directed by Bond Counsel.

E. Recordkeeping

1. Responsibility for Records Maintenance

- a. The Compliance Officer is responsible for maintaining records related to Obligations of the Issuer.
- b. The Compliance Officer shall maintain a central list of the records related to each issue of tax-exempt Obligations. The list shall identify all physical or electronic locations for any records relating to an issue of Obligations and the person or persons responsible for maintaining such records.

2. Bond Records to be Maintained

- a. The following records shall be maintained for each outstanding issue of Obligations for the term of the outstanding issue plus three years:
 - i. basic records relating to the transaction, including the trust indenture, loan, lease or other financing agreement, the relevant IRS Form 8038-G with proof of filing, and Bond Counsel opinion (such documents may be held in the form of a bond transcript); and
 - ii. documentation pertaining to investment of the proceeds of the Obligations, including the yield calculations for each class of investments, actual investment income received from the investment of proceeds and rebate calculations shall be held in and maintained by the Compliance Officer's office.
 - iii. log of all individuals, departments or affiliates that were requested to review or draft information in connection with an Official Statement;
 - iv. disclosure documents, investor materials, rating agency presentation materials, annual continuing disclosure filings and records of all disclosure activities, including but not

limited to telephone calls, emails and inquiries from investors.

- b. The Compliance Officer shall maintain the Issuer's audited financial statements for not less than seven years.

F. Bond Counsel Review.

The Compliance Officer may engage Bond Counsel or the Issuer's independent financial or municipal advisor to assist in implementing this policy and procedure, including, but not limited to, assistance in the following areas:

- 1. rebate calculations and compliance;
- 2. records retention;
- 3. periodic review of the central list of records related to any Obligations for compliance with federal tax laws regarding private business use;
- 4. other federal tax law compliance, including any annual reporting requirements that may be imposed by the IRS;
- 5. federal securities law compliance; and
- 6. due diligence on Conduit Bonds.

G. Training Requirements

If recommended by Bond Counsel or at the discretion of the Compliance Officer, the Compliance Officer and his or her Designees shall undergo training regarding basic federal tax and securities law concepts relating to tax-exempt Obligations, disclosure documents and records required to be maintained under this policy and procedure. Bond Counsel may be engaged to provide such training.

H. Annual Review

On an annual basis, or sooner if deemed necessary by the Compliance Officer, the Compliance Officer shall review this policy and procedure and assess the Issuer's compliance with this policy and procedure. The Compliance Officer shall make changes to this policy and procedure as appropriate to ensure compliance with any covenants in the documents relating to the Obligations or the requirements of federal tax and securities laws and any other applicable law.

I. Reimbursement Bond Rules

The Treasury Regulations applicable to the reimbursement of expenditures from proceeds of tax-exempt Obligations, in the situations in which they apply, require the Issuer to have made a Declaration. The Compliance Officer is authorized to

make the Issuer's Declarations or to delegate from time to time that responsibility to other appropriate employees under his or her supervision. Each Declaration shall comply with the requirements of the Treasury Regulations, including without limitation the following:

1. Each Declaration shall be made not later than 60 days after payment of the applicable cost and shall state that the Issuer reasonably expects to reimburse itself for the expenditure out of the proceeds of an issue of tax-exempt Obligations or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A which is attached to and made a part of this policy and procedure, or in any other format which may at the time comply with the Treasury Regulations.
2. Each Declaration shall (i) contain a reasonably accurate description of the property or program to be financed, as applicable, to which the expenditure relates and (ii) state the maximum principal amount of tax-exempt Obligations expected to be issued for that property or program.
3. Care shall be taken so that the Issuer does not make Declarations in cases where the Issuer does not reasonably expect that tax-exempt Obligations will be issued to finance the subject costs, and the Issuer officials should consult with Bond Counsel concerning the requirements of the Treasury Regulations and their application in particular circumstances.

IV. PROCEDURES APPLICABLE TO CONDUIT BONDS

A. Borrower Requirements.

A Conduit Issuer typically issues the bonds and loans the bond proceeds to a Conduit Borrower. A Conduit Borrower is responsible for the payment of debt service on the Conduit Issue and is contractually obligated to maintain the tax-exempt status of the Conduit Bonds. The Conduit Issuer is treated as a "taxpayer" by the IRS for federal tax purposes and procedures. As such, the Conduit Issuer is the party responsible for tax compliance. However, the bond documents usually provide for delegation of certain responsibilities to the Conduit Borrower. In the event the Issuer agrees to issue Conduit Bonds, the Issuer will require the following from the Conduit Borrower as a condition to issuing the Conduit Bonds:

1. Each Conduit Borrower must agree to comply with substantially the same procedures for pre- and post-issuance compliance that apply to the Issuer under this policy, as amended from time to time. It being the Issuer's intent that each Conduit Borrower bears the full burden of compliance with the Code and Treasury Regulations applicable to its related Conduit Issue.
2. The Conduit Borrower must covenant in the documents relating to the Conduit Bonds to take all actions necessary for the Conduit Bonds to

comply with all applicable requirements of the Code and Treasury Regulations, including, but not limited to: (i) the arbitrage and rebate requirements of Section 148 of the Code; and (ii) the qualified bonds provisions of Sections 141(e), 142, 143, 144 and 145 of the Code. The Conduit Borrower is the party responsible for monitoring the Conduit Bonds for compliance with such requirements and to remediate nonqualified bonds in accordance with the requirements of the Code and applicable Treasury Regulations. The Conduit Borrower is also the party responsible for monitoring compliance with the requirements of Section 148 of the Code.

3. The Conduit Borrower must covenant in the documents for the Conduit Bonds to reimburse the Issuer for all costs paid or incurred by the Issuer (including the fees of attorneys, financial advisors, accountants and other advisors) as a result of the Issuer's response to or compliance with an audit, inspection, or compliance check (random or otherwise), by the IRS, the State of Minnesota or any agency or department thereof, or any other governmental agency with respect to the Conduit Bonds or the project financed with the proceeds of the Conduit Bonds.
4. The Conduit Borrower must covenant in the documents for the Conduit Bonds to provide all the information necessary for the Issuer to comply with its obligations applicable to the Conduit Bonds under the Code, Treasury Regulations, state law and generally accepted accounting principle applicable to the Issuer, including the information necessary for the Issuer to complete and file an IRS Form 8038 for the Conduit Bonds.
5. One or more authorized representatives of the Conduit Borrower must, in good faith, certify the Conduit Borrower's reasonable expectations as of the issue date of the Conduit Bonds. The certification must state the facts and estimates that form the basis of the Conduit Borrower's expectations.
6. The Conduit Borrower shall, in the documents for the Conduit Bonds, designate a person to be contacted regarding the matters discussed in this policy.

B. Issuer Requirements.

1. Limitations Relating to Fees Charged by the Issuer. The Issuer may charge fees payable either out of the Conduit Bond proceeds or by the Conduit Borrower. The fees may be used by the Issuer to offset all or a portion of the costs payable by the Issuer related to its role as a Conduit Issuer and may also be used to raise funds for governmental purposes of the Issuer. The fees may increase the effective yield of the Conduit Loan. Section 148 of the Code generally limits the yield on the Conduit Loan to the yield on the Conduit Bonds plus a spread. This limitation effectively limits the size of the fees that may be charged by the Issuer regardless of

whether paid up front or periodically over the term of the Conduit Bonds. The Compliance Officer shall see that the Conduit Borrower provides the information necessary to ensure that the yield on the Conduit Loan does not exceed the yield on the Conduit Bonds by more than the permitted spread in order to prevent the Conduit Bonds from becoming taxable.

2. Certification Regarding Expectations for Use and Investment of Proceeds. Based solely on a certification of the Conduit Borrower prepared by Bond Counsel and described above, an officer of the Issuer responsible for issuing the Conduit Bonds will, in good faith, certify the Issuer's reasonable expectations as of the issue date of the Conduit Bonds. The certification is evidence of the Issuer's expectations, but does not establish any conclusions of law or any presumptions regarding either the Issuer's actual expectations or their reasonableness.
3. Due Diligence. The Issuer intends to rely on due diligence examinations conducted by Bond Counsel in conjunction with giving an approving opinion on the Conduit Bonds.

C. Deliberate and Remedial Actions.

1. Deliberate Actions. Conduit Bonds can lose their tax-exempt status if a Conduit Issuer or Conduit Borrower takes a deliberate action, subsequent to the issue date, that causes the Conduit Issue to fail to meet the federal tax requirements applicable to the Conduit Bonds. A deliberate action is any action taken by a Conduit Issuer or Conduit Borrower that is within its control. Intent to violate the requirements of the Code is not necessary for an action to be deliberate. It is unlikely that the Issuer will take such a deliberate action. The Conduit Borrower shall covenant in the documents for the Conduit Bonds to comply with all applicable requirements of the Code and Treasury Regulations, and pay any costs incurred by the Issuer in the event a deliberate action of the Conduit Borrower must be remediated as described below.
2. Remedial Actions. If a remedial action is required with respect to an issue of Conduit Bonds, the Conduit Issuer must be involved. The remedial action is taken pursuant to Section 1.141-12 of the Treasury Regulations to cure a deliberate action that would otherwise cause a governmental bond issue or qualified 501(c)(3) bond to become a nonqualified private activity bond issue. If the remedial action requires providing a notice of defeasance to the IRS, such notice must be provided by the Conduit Issuer. Remedial actions include redemption or defeasance of Conduit Bonds, alternative use of disposition proceeds and alternative use of Conduit Bond-financed facilities. Additionally, if the Conduit Bonds are treated as "reissued" under the Treasury Regulations, the Conduit Issuer must test the reissued Conduit Bonds to determine if the interest on the Conduit Bonds remains exempt from gross income for federal tax purposes. The

Conduit Borrower must covenant in the documents for the Conduit Bonds to comply with all applicable requirements of the Code and Treasury Regulations, and if a remedial action is necessary to pay all costs associated with such remedial action. The Issuer shall also consult with Bond Counsel to determine whether the remedial action proposed by the Conduit Borrower is sufficient, including participation in VCAP.

3. **Bond Modifications.** An agreement between a bondholder and the Conduit Issuer (or Conduit Borrower) to modify the terms of any Conduit Bonds, whether direct or indirect, may cause the modified Conduit Bonds to be treated as new Conduit Bonds for federal income tax purposes (that is, to be “reissued”). If the Conduit Bonds are considered reissued under Section 1001 of the Code, then in general the Conduit Bonds must be tested to determine if the interest on the Conduit Bonds remains exempt from gross income for federal tax purposes. Revenue Ruling 81-281, 1981-2 C.B. 18 provides that interest on tax-exempt Conduit Bonds is not excludable from gross income after the terms of the Conduit Bonds are substantially altered without action by the Conduit Issuer. In general, the Conduit Issuer may meet this requirement to approve reissued Conduit Bonds by adopting a formal resolution of the Conduit Issuer approving the modification of the terms. In addition, the Conduit Issuer must satisfy all applicable federal tax requirements including timely filing Form 8038, 8038-G or 8038-GC, as applicable, treating the date of the modification as the date of issuance of the modified Conduit Bonds. The Issuer shall consult with Bond Counsel immediately upon a Conduit Borrower’s request for a modification of any Conduit Bonds. All costs of any modification must be paid by the Conduit Borrower.

- D. Recordkeeping.** The recordkeeping requirements set forth in Section II.E above are applicable to Conduit Bonds of the Issuer.
- E. IRS Examination of Conduit Issues.** The Compliance Officer will notify the Conduit Borrower and Bond Counsel immediately upon the receipt of any correspondence from the IRS regarding the Conduit Bonds.
- F. Summary, Procedures for Closing and Pre-Closing Matters.** The chart below, prepared by the IRS, identifies certain types of monitoring procedures the Issuer may require a Conduit Borrower to adopt to ensure compliance with the federal tax rules required to be satisfied at, prior to or after the closing of the Conduit Bonds. The Compliance Officer shall consult with Bond Counsel on a case by case basis to determine which monitoring procedures are required for each Conduit Issue.

Type of Procedures	Description of Procedures for Closing and Pre-Closing Matters	Applicable Responsibilities Described Above
Volume Cap	Procedures to monitor utilization of volume cap, including carryforward elections	Volume Cap Limit Carryforward of Unused Volume Cap
Public Approval	Procedures concerning public hearings conducted by the Issuer and any approvals by the Issuer	Limitations Relating to Fees Charged by the Conduit Issuer
Issuer Fees	Procedures to ensure that Issuer fees do not exceed applicable limits in the Code and Treasury Regulations	Limitations Relating to Fees Charged by the Conduit Issuer
Closing Certificates	Due diligence procedures to ensure that certifications are reasonable	Certification Regarding Expectations for Use and Investment of Proceeds
Official Intent	Procedures to ensure that reimbursement resolutions conform to the requirements of Treasury Regulations	Reimbursement Declarations of Official Intent
Qualified Hedge	Procedures to timely identify qualified hedges	Qualified Hedge
Elections	Procedures for federal income tax elections	Elections

V. EXHIBIT

The exhibit to this policy and procedure is as follows:

Exhibit A – Declaration of Official Intent

Dated: January 11, 2022

EXHIBIT A

DECLARATION OF OFFICIAL INTENT

The undersigned, being the duly appointed and acting Clerk-Treasurer of the City of Vergas, Minnesota (the "Issuer"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the Issuer as follows:

1. The undersigned has been and is on the date hereof duly authorized by the Issuer to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the Issuer.

2. This Declaration relates to the following project (the "Project") and the costs thereof to be financed:

<INSERT PROJECT DESCRIPTION>

3. The Issuer reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Obligations") to be issued after the date of payment of such costs. As of the date hereof, the Issuer reasonably expects that \$_____ is the maximum principal amount of the Obligations which will be issued to finance the Project.

4. Each expenditure to be reimbursed from the Obligations is or will be a capital expenditure or cost of issuance of the proposed bonds.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: _____

Clerk-Treasurer
City of Vergas, Minnesota

RESOLUTION NO. 2022-001

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A \$132,000 GENERAL OBLIGATION WATER REVENUE NOTE, SERIES 2022A

BE IT RESOLVED, by the City Council of the City of Vergas, Otter Tail County, Minnesota (the “Issuer”), as follows:

Section 1. Note Purpose, Authorization, and Award.

1.01 Statutory Authority. Pursuant to authority contained in Minnesota Statutes, Section 444.075, Chapter 475, the Issuer is authorized to issue its general obligation bonds for the purpose of financing improvements to its municipal water utility, including replacement of media in the water plant and inspecting and repairing wells (the “Project”) and for the payment of part of the issuance costs of the Note.

1.02 Authorization.

A. The City Council directs the issuance and sale of a \$132,000 General Obligation Water Revenue Note, Series 2022A of the Issuer dated as of the date and closing and delivery thereof (the “Note”).

B. The principal of and interest on the Note shall be paid primarily from Net Revenues (defined herein) of the Issuer’s municipal water utility (the “Water Utility”).

1.03 Municipal Advisor. The Issuer has retained the services of David Drown Associates, Inc., as its municipal advisor.

1.04 Award. The Issuer has received a proposal for a loan to be evidenced by the Note from Vergas State Bank, Vergas, Minnesota (the “Lender”), in the amount of \$132,000 to pay costs of the Project, upon condition that the Note matures and bears interest at the times and annual rate set forth in Section 2. The Issuer, after due consideration, finds such offer reasonable and proper and the offer of the Lender is accepted. All actions of the Mayor and the Clerk-Treasurer, taken with regard to the sale of the Note are ratified and approved.

Section 2. Terms of the Note.

2.01 Interest Rate and Principal Maturities. A. The Note 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 Note shall bear interest at the annual rate of 2.00 percent and shall mature on the dates and in the installment amounts shown below:

<u>Date</u>	<u>Principal Amount</u>
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$13,000
2/1/2026	\$13,000
2/1/2027	\$13,000
2/1/2028	\$13,000
2/1/2029	\$14,000
2/1/2030	\$14,000
2/1/2031	\$14,000
2/1/2032	\$14,000

B. The maturities of the Note, 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 Note is prepayable, in whole only, beginning on February 1, 2023, without notice at a price of par plus accrued interest to the prepayment date, and subject to a 0.5% prepayment penalty if such prepayment is on or prior to February 1, 2024.

2.03 Interest Payment Dates. The interest on the Note shall be payable semi-annually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”), commencing August 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months.

2.04 Preparation and Execution.

A. The Note 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 Note as permitted by law. In case any officer whose signature shall appear on the Note shall cease to be an officer before delivery of the Note, 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 Note.

2.05 Registrar. The City Council hereby appoints the Clerk-Treasurer, as registrar, authenticating agent, paying agent and transfer agent for the Note (the “Registrar”). No Note shall be valid or obligatory for any purpose unless or until the Note has been executed by the manual signature of at least one officer of the Issuer or the Registrar’s Authentication Certificate on such Note, substantially set forth in this resolution, shall have been duly executed by an authorized representative of the Registrar. Authentication certificates on different bonds need not be signed by the same representative. The executed Authentication Certificate or manual signature of an officer of the Issuer on the Note shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

2.06 Registration, Exchange and Transfer.

A. 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 Note and the registration of transfers of the Note 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.

B. Upon surrender for transfer of any Note at the principal corporate office of the Registrar, the Issuer shall execute and the Registrar shall authenticate, if required by law or this Resolution, and deliver, in the names(s) of the designated transferee(s), one or more new notes of a like aggregate principal amount, as requested by the transferor.

C. At the option of the registered owners, the Note may be exchanged for another Note of any authorized denomination, of a like aggregate principal amount, maturing upon the same date, upon surrender of the Note to be exchanged at the principal corporate office of the Registrar. Whenever any Note is so surrendered for exchange, the Issuer shall execute and the Registrar shall authenticate, if required by law or this Resolution, and deliver the Note which the registered owner making the exchange is entitled to receive.

D. Each Note surrendered upon the exchange provided for in this Resolution shall be promptly cancelled by the Registrar and thereafter disposed of as directed by the City Council.

E. Each Note issued in exchange for or upon transfer of a Note shall be valid obligation of the Issuer evidencing the same debt and entitled to the same benefits under this Resolution as the Note surrendered for such exchange or transfer.

F. Every Note presented for a transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Issuer and the Registrar, duly executed by the registered owner thereof or the owner's attorney duly authorized in writing.

G. The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of the Note, other than exchange expressly provided in this Resolution to be made, without expense or without charge to the registered owner.

H. Each Note delivered upon transfer of or in exchange for or in lieu of any other Note shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Note. Each Note shall be dated by the Registrar as of the date of its authentication or manual execution. The Issuer and the Registrar shall not be required to make any transfer or exchange of any Note called for redemption or to make any such exchange or transfer of a Note during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Note.

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

2.08 Payment. The principal of and interest on the Note 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 Note and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Lender. A typewritten and executed Note shall be furnished by the Issuer without cost to the Lender. The Note, when prepared in accordance with this resolution and executed, shall be delivered by or under the direction of the Clerk-Treasurer to the Lender upon receipt of the purchase price plus accrued interest.

Section 3. Form of the Note.

3.01 The Note shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF OTTER TAIL

R-1

\$132,000

CITY OF VERGAS
GENERAL OBLIGATION WATER REVENUE NOTE,
SERIES 2022A

Rate
2.00%

Maturity Date
February 1, 2032

Date of Original Issue
February 1, 2022

REGISTERED OWNER: VERGAS STATE BANK

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY-TWO THOUSAND
DOLLARS

The City of Vergas, Otter Tail County, Minnesota (the “Issuer”), for value received, promises to pay to the registered owner specified above, or registered assigns, the principal amount 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 (defined below) to which interest has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above.

Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an “Interest Payment Date”), commencing on August 1, 2022. Interest will be computed upon the basis of a 360-day year of twelve 30-day months. The Note 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.

<u>Date</u>	<u>Principal Amount</u>
2/1/2023	\$12,000
2/1/2024	\$12,000
2/1/2025	\$13,000
2/1/2026	\$13,000
2/1/2027	\$13,000
2/1/2028	\$13,000
2/1/2029	\$14,000
2/1/2030	\$14,000
2/1/2031	\$14,000
2/1/2032	\$14,000

Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the main office of the Clerk-Treasurer, as Registrar, authenticating agent, paying agent and transfer agent (the “Registrar”), or at the office of such successor Registrar as may be designated by the governing body of the Issuer. The Registrar shall make all payments with respect to this Note directly to the registered owner hereof shown on the Note registration records maintained on behalf of the Issuer by the Registrar at the close of business on the 15th day of the month next preceding the Interest Payment Date (whether or not a business day) at such owner’s address shown on said Note registration records, without, except for final payment of principal of this Note, the presentation or surrender of this Note, and all such payments shall discharge the obligation of the Issuer to the extent of the payments so made. The final payment of principal of this Note shall be made upon presentation and surrender of this Note 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 and taxing power of the Issuer are irrevocably pledged. The Issuer has designated the Note as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Note comprises the entire amount of this series issued by the Issuer as one fully registered Note without coupons, in the aggregate amount of \$132,000, pursuant to the authority contained in Minnesota Statutes, Section 444.075, Chapter 475, and all other laws thereunto enabling, and pursuant to an authorizing resolution adopted by the governing body of the Issuer on January 11, 2022 (the “Resolution”), for the purpose of financing to replace media and to inspect and to repair wells in the Issuer’s water plant and for the payment of the issuance costs of the Note. The principal of and interest on this Note are payable from net revenues (the “Net Revenues”) derived from the operation of Issuer’s water utility (the “Water Utility”) in excess of normal, reasonable and current costs of the operation and maintenance of the Water Utility for the payment of the principal and interest when due on this Note, and has covenanted and agreed that it will impose and collect just and equitable charges for all use and for the availability of all facilities of the Water Utility at the times and in the amounts required to pay the normal, reasonable and current expenses of operating and maintaining the Water Utility, and also to produce Net Revenues, which will be at least adequate at all times to pay the principal and interest due on the Note. Reference is made to the Resolution for a full statement of rights and powers thereby conferred.

The principal amount evidenced by this Note was drawn upon by Issuer in accordance with the Loan Agreement between Issuer and Lender dated as of the date of the date hereof.

The Note is prepayable, in whole only, beginning on February 1, 2023, without notice at a price of par plus accrued interest to the prepayment date, and subject to a 0.5% prepayment penalty if such prepayment is on or prior to February 1, 2024.

IT IS CERTIFIED AND RECITED that all acts and conditions required 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 Note, 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 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 Note does not cause the indebtedness of the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Vergas, Otter Tail County, Minnesota, by its governing body, has caused this Note to be executed in its name by the signature of the Mayor and attested by the signature of the Clerk-Treasurer.

ATTEST:

(form-no signature required)
Clerk-Treasurer

(form-no signature required)
Mayor

Date of Authentication: _____

REGISTRATION CERTIFICATE

This Note must be registered as to both principal and interest in the name of the owner on the books to be kept by Clerk-Treasurer, as Registrar. No transfer of this Note shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Note and the interest accruing thereon is registered on the books of the Registrar, in the name of the registered owner last noted below.

<u>Date</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
2/1/2022	City of Vergas 111 E. Main Street P.O. Box 32 Vergas, MN 56587 Federal Tax I.D. No.: 41-0900504	<i>(form-no signature required)</i>

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

Social Security or Other
Identifying Number of Assignee

the within Note and all rights thereunder and irrevocably constitutes and appoints _____ attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF FOR VALUE, OR TRANSFERRED, WITHOUT (i) AN OPINION OF COUNSEL THAT SUCH SALE, DISPOSITION OR TRANSFER MAY LAWFULLY BE MADE WITHOUT REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933, AS AMENDED AND UNDER APPLICABLE STATE SECURITIES LAWS, OR (ii) SUCH REGISTRATION. THE TRANSFERABILITY OF THIS INSTRUMENT IS SUBJECT TO RESTRICTIONS REQUIRED BY (1) FEDERAL AND STATE SECURITIES LAWS GOVERNING UNREGISTERED SECURITIES; AND (2) THE RULES, REGULATIONS, AND INTERPRETATIONS OF THE GOVERNMENTAL AGENCIES ADMINISTERING SUCH LAWS. THIS INSTRUMENT HAS NOT BEEN REGISTERED UNDER CHAPTER 80A OF MINNESOTA STATUTES OR OTHER APPLICABLE STATE BLUE SKY LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION OR OPERATION OF LAW.

Section 4. Covenants, Accounts and Tax Levies.

4.01 Water Fund. The Issuer covenants and agrees with the holder of the Note and with its taxpayers as follows:

(i) It will impose and collect just and equitable charges for all use and for the availability of all facilities of the Water Utility at the times and in the amounts required to pay the normal, reasonable, and current expenses of operating and maintaining such Water Utility, and also to produce Net Revenues (defined below), which together with other funds of the Issuer pledged herein, will be at least adequate at all times to pay the principal and interest due on the Note and on all other notes and bonds heretofore or hereafter issued and made payable from said Net Revenues, and will operate the Water Utility and segregate and account for the revenues thereof as provided in this Section.

(ii) It will place all such charges for the use and availability of the Water Utility, when collected, and all money received from the sale of any facilities or equipment of the Water Utility in the Water Fund (the "Water Fund"). Except as provided in this Section, this fund shall be used only to pay claims duly approved and allowed for payment of expenses which, under generally accepted accounting principles, constitute normal, reasonable, and current expenses of operating and maintaining the Water Utility, and to maintain such reasonable reserves for such expenses as the City Council shall determine to

be necessary from time to time. Sums in excess of those required to make such payments and maintain such revenues constitute the net revenues ("Net Revenues") a portion of which are herein pledged and appropriated first to pay the principal of and interest when due on the Note.

(iii) Surplus Water Utility revenues from time to time received in the Water Fund, in excess of payments due from and reserves required to be maintained in the Water Fund and in the Debt Service Account, may be used for necessary capital expenditures for the improvement of the Water Utility, for the prepayment and redemption of notes and bonds constituting a lien on the Water Utility, and for any other proper municipal purpose consistent with policies established by resolution of the City Council.

4.02 Fund. There is created a special fund to be designated the "2022A General Obligation Water Revenue Note 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 the Note 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*. On receipt of the purchase price of the Note, the Issuer shall credit proceeds from the sale of the Note, less amounts used to pay part of the interest of the issue as allowed by Minnesota Statutes Section 475.56 (the "Additional Interest") and less any accrued interest paid by the Lender upon closing and delivery of the Note (the "Accrued Interest") to the Construction Account. Proceeds from the Note on deposit in the Construction Account, along with other monies of the Issuer available therefor, shall be used from time to time to pay, or reimburse the Issuer for payment of, the capital costs of the Project and costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Note and interest due on the Note prior to completion of the Project, as such become due.

B. *Debt Service Account*. The Debt Service Account shall 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 Debt Service Account shall be maintained in the manner herein specified until all of the Note and the interest thereon have been fully paid:

(i) There is pledged and appropriated and there shall be credited to the Debt Service Account: (A) the Accrued Interest and surplus funds; (B) the Additional Interest; (C) Net Revenues in such amounts, which will be sufficient to pay the principal of and interest on the Note when due; (D) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (E) any and all other moneys which are properly available and are appropriated by the governing body of the Issuer to the Debt Service Account; and (F) investment earnings on the monies identified in the foregoing clauses (A) through (E). The proceeds of the Note described in clauses (A) and (B) of the preceding sentence shall be used for payment of interest on the Note. (The funds and investments identified in clauses (C) through (F) are referred to herein as the "Pledged Revenues".)

(ii) The money in such account shall be used for no purpose other than the payment of principal and interest and redemption premium, if any, on the Note and any other general obligation bonds of the Issuer hereafter issued by the Issuer and made payable from said account as provided by law; 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.

(iii) Immediately prior to each Interest Payment Date, the Clerk-Treasurer shall transfer to the Debt Service Account amounts of Net Revenues which are sufficient, along with funds then on deposit in the Debt Service Account, for the payment of all interest and principal then due on the Note.

(iv) If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note, the Treasurer shall nevertheless provide sufficient money first from the Construction Account, second from the Water Fund and third from any other funds of the Issuer which are available for that purpose, and such other funds shall be reimbursed from the Debt Service Account when the balance therein is sufficient. All such reimbursements shall comply with Treasury Regulations, Section 1.150-2.

C. *Surplus Revenues.* Surplus revenues of the Water Utility from time to time received in the Fund and Water Fund, in excess of payments due from and reserves required to be maintained in the Fund and in the Debt Service Account, may be used for necessary capital expenditures for the improvement of the Water Utility, for the prepayment and redemption of notes and bonds issued pursuant to Section 444.075 of the Act, and for any other proper municipal purpose consistent with law and policies established by resolution of the Issuer.

D. *Investments.* Monies on deposit in the Water Fund, the Construction Account and in the Debt Service Account may, at the discretion of the Issuer, 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 for payment of the principal and interest on the Note when due.

4.03 No Tax Levy. A. It is determined that the estimated Pledged Revenues and other funds of the Issuer pledged and appropriated for payment of principal and interest on the Note will produce at least five percent in excess of the amount needed to meet when due, the principal and interest payments on the Note and that no tax levy is needed at this time.

B. It is recognized that the Issuer's liability on the Note is not limited to the Pledged Revenues, and the City Council covenants and agrees that the full faith and credit and resources of the Issuer are irrevocably pledged for the prompt and full payment of principal of and interest on the Note as such principal and interest respectively come due; and that in the event of any current or anticipated deficiency in the Pledged Revenues it will levy upon all taxable property within the Issuer and cause to be extended, assessed, and collected, any additional taxes found

necessary for full payment of the principal of and interest on the Note, without limitation as to rate or amount.

Section 5. Tax Covenants.

A. The Issuer covenants and agrees with the holders of the Note that the Issuer will (i) take all action on its part necessary to cause the interest on the Note to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Note and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Note to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Note and investment earnings thereon on certain specified purposes.

B. For purposes of qualifying for the small issuer exception to the federal arbitrage rebate requirements, the Issuer finds, determines and declares:

- (i) the Issuer is a governmental unit with general taxing powers;
- (ii) based on information provided by bond counsel, the Note is not a “private activity bond;”
- (iii) 95% or more of the net proceeds of the Note is to be used for local governmental activities of the Issuer; and
- (iv) the aggregate face amount of the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Note is issued is not reasonably expected to exceed \$5,000,000.

C. In order to qualify the Note as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

- (i) the Note is not “private activity bonds” as defined in Section 141 of the Code;
- (ii) the Issuer designates the Note as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- (iii) 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 Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Note is being issued will not exceed \$10,000,000; and

(iv) not more than \$10,000,000 of obligations issued by the Issuer during the calendar year in which the Note is being issued have been designated for purposes of Section 265(b)(3) of the Code.

Section 6. Certificate of Proceedings; Miscellaneous.

6.01 The Clerk-Treasurer or the designee thereof is directed to file with the Otter Tail 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 Note herein authorized have been duly entered on its register.

6.02 The officers of the Issuer are authorized and directed to prepare and furnish to the Lender of the Note and to bond counsel for the Note certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Note and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Note as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

6.03 In the event of the absence or disability of the Mayor, the Clerk-Treasurer, or 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 Note, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

Section 7. Loan Agreement. The proceeds of the Note will be advanced to the Issuer in accordance with the terms of this Resolution and with a Loan Agreement between the Issuer, and the Lender (the "Loan Agreement"). The Mayor and Clerk-Treasurer of the Issuer are hereby authorized and directed to execute the Loan Agreement substantially in the form currently on file in the office of the Issuer.

Section 8. Pre- and Post-Issuance Compliance Policy and Procedures. The City Council has been provided with a 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.

Adopted: January 11, 2022.

Mayor

ATTEST:

Clerk-Treasurer

**EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE
CITY OF VERGAS, MINNESOTA
HELD: January 11, 2022**

Pursuant to due call and notice thereof, a meeting of the City Council of the City of Vergas, Otter Tail County, Minnesota, was duly held on January 11, 2022 at City Hall, at 6:30 pm.

The following Members were present:

and the following Members were absent:

Member _____ introduced the following resolution and moved its adoption:

**RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY
OF A \$132,000 GENERAL OBLIGATION WATER REVENUE NOTE,
SERIES 2022A**

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

and the following Members voted against the same:

Whereupon the resolution was declared duly passed and adopted.

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LOAN AGREEMENT

This Loan Agreement is made as of this 1st day of February, 2022, by and between the City of Vergas, Otter Tail County, Minnesota (the “City”) and Vergas State Bank, located in Vergas, Minnesota (the “Lender”).

R E C I T A L S

WHEREAS, the City desires to obtain a loan from the Lender to be evidenced by the City’s \$132,000 General Obligation Water Revenue Note, Series 2022A, dated February 1, 2022 (the “Note”). The proceeds of such loan shall be used for public purposes, including:

A. financing the cost of improvements to the Issuer’s water system, as more fully described in the City’s resolution adopted on January 11, 2022 (the “Resolution”); and

B. to provide for the costs of issuance of the Note.

WHEREAS, the parties hereto desire to set out the terms and conditions of such loan and the Note and the terms and conditions of advancing funds pursuant to the Note.

NOW, THEREFORE, it is hereby agreed as follows:

1. The City agrees to issue the Note to the Lender and the Lender agrees that such loan will be repaid with interest at the rate of 2.00% per annum in accordance with the terms and conditions of the Note set forth in the Resolution.

2. The Lender shall agree to accept the debt instrument for investment and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Note as a loan in its loan portfolio; the Lender acknowledges that the use of the word “Note” in the name of the debt instrument is for convenience only and is not intended to indicate that the instrument is a security within the meaning of the Securities Act of 1933.

3. The Lender agrees to hold the Note for its own account until its maturity or early redemption and does not intend to dispose of all or any portion of such Note and understands that transfer of such Note is restricted pursuant to the terms of the Resolution, the Note and this Loan Agreement.

4. On the date of issuance of the Note, the Lender shall advance the entire loan amount of \$132,000 in exchange for delivery of the Note by the City.

5. All capitalized terms not defined herein shall have the meaning, as defined, in the Resolution.

[Signature page to Loan Agreement by and between the City of Vergas, Minnesota and Vergas State Bank, located in Vergas, Minnesota]

This Agreement is dated as of the date and year first above written.

CITY OF VERGAS, MINNESOTA

By _____
Mayor

By _____
Clerk-Treasurer

M:\DOCS\22650\000000\AGM\1AH2926.DOCX

[Signature page to Loan Agreement by and between the City of Vergas, Minnesota and Vergas State Bank, located in Vergas, Minnesota]

This Agreement is dated as of the date and year first above written.

VERGAS STATE BANK

By _____
Its _____

M:\DOCS\22650\000000\AGM\1AH2926.DOCX

**CITY OF VERGAS
MINNESOTA
ORDINANCE NO. 2022-001**

**AN ORDINANCE OF THE CITY OF VERGAS, MINNESOTA,
AMENDING CHAPTER 31.46 (A) AND 31.50 OF THE VERGAS CITY CODE**

SECTION 1. PURPOSE:

The City Council of the City of Vergas, Minnesota finds that it needs to update certain committee regulations pertaining to: 1) The Planning Commission and 2) the Advisory Park and Recreation Board.

SECTION 2. ADOPTION:

NOW BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE CITY OF VERGAS that the following subsections of Sections 31.46 (A) and 31.50(B) of the Vergas City Code are hereby amended to read:

31.46 COMPOSITION.

- (A) The Planning Commission shall consist of five members to be appointed by the Mayor with the approval of the City Council. Four of the members must ~~be reside~~ own property within the city limits, and the fifth member may reside outside of the city limits. The appointees shall be appointed to serve staggered terms of two years, except as noted below, commencing on the first day of January in the year of appointment. Each appointee shall serve a maximum of three terms on the Planning Commission. Upon expiration of a term, the appointee shall continue until reappointed or a successor is appointed. Absences from any three meetings in a year, unless excused in advance by the Chair, constitutes a vacancy. In the event of any vacancy, the Mayor, with the approval of the City Council, shall appoint a person to complete the unexpired term.

31.50 ADVISORY PARK AND RECREATION BOARD.

- B. The Board shall consist of five members from the ~~resident population of the city~~ local community to be appointed by the mayor with the approval of the City Council. The appointees shall be appointed to serve staggered terms of three years, except as noted below, commencing on the first day of January in the year of appointment. Appointees are allowed to serve an unlimited amount of terms. Upon expiration of a term, the appointee shall continue until reappointed or a successor is appointed. Absences from any three meetings in a year, unless excused in advance by the Chair, constitutes a vacancy. In the event of any vacancy, the Mayor, with the approval of the City Council, shall appoint a person to complete the unexpired term.

SECTION 3. EFFECTIVE DATE:

This ordinance shall become effective following its passage and publication in the official newspaper of the City.

Passed by the City Council of Vergas, Otter Tail County, Minnesota
this _____ day of January, 2022.

Julie Bruhn, Mayor

Attested:

Julie Lammers, City Clerk/Administrator

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

5. Approval of Consent Agenda

- a. Council Minutes of the December 14, 2021
- b. Bills paid between Council meetings and Council bills
- c. Liquor Store bills for December 20201
- d. General Fund/Special Revenue Money Market Account Report
- e. 2022 Investment Schedule/Bond Schedule
- f. American Rescue Plan Funding 2021-2026
- g. Late water/sewer bills

Files Attached

- City of Vergas Claims List.pdf
- Expenditures between Council Meetings.pdf
- Liquor Store Bill Listing - December.pdf
- Utility Billing AgedBalance_12312021 (1).pdf
- Genreal Fund_Special Revenue Money Market Account Report.pdf
- American Rescue Plan Funding 2021-2026.pdf
- Investment Schedule & Bond Schedule.pdf
- 12-14-2021 Council Minutes.pdf

Date Range : 1/11/2022 To 1/11/2022

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
01/11/2022	Corporate Technologies, LLC	AARP- Computer Services (2021)	516047	\$1,375.00	100-41990-999-	Other General Government - CARES	\$1,375.00
01/11/2022	Dacotah Paper Company	Fire Hall, supplies to be reimbursed by fire dept (2021)	516048	\$1,898.20	100-41010-999-	GENERAL GOVERNMENT	\$1,898.20
01/11/2022	Dakota Supply Group	Water, valve box wrench (2021)	516049	\$81.98	601-49440-220-	Water Utilities - Administration and General	\$81.98
01/11/2022	Michael DuFrane	St, Parks, Water, Sewer, cell phone	516050	\$75.00	100-43110-321- 100-45210-321- 601-49440-321- 602-49490-321-	Highways, Streets & Roadways Parks Water Utilities - Administration and General Sewer Utilities - Administration and General	\$18.75 \$18.75 \$18.75 \$18.75
01/11/2022	Matthew Engebretson	Parks, Street, cell phone	516051	\$25.00	100-43110-321- 100-45210-321-	Highways, Streets & Roadways Parks	\$12.50 \$12.50
01/11/2022	Hansons Plumbing & Heating, Inc.	Event Center, service on heater and setting up water for coffee maker (2021)	516052	\$489.58	100-45110-400-	EVENT CENTER	\$489.58
01/11/2022	Ehlers and Associates	EDA, 2022 MN Public Finance Seminar Feb. 3-4, 2022	516053	\$215.00	290-41405-300-	Clerk	\$215.00
01/11/2022	League of MN Cities Insurance Trust	Fire, insurance deductible (2021)	516054	\$130.00	100-42285-360-	Fire Equipment	\$130.00

Date Range : 1/11/2022 To 1/11/2022

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
01/11/2022	Julie Lammers	All Depts, cell phone reimbursement	516056	\$75.00			
					100-41405-321-	Clerk	\$25.00
					601-49440-321-	Water Utilities - Administration and General	\$25.00
					602-49490-321-	Sewer Utilities - Administration and General	\$25.00
01/11/2022	KLJ Engineering LLC	Engineeringservices-Townline Road, E Lake St Project (2021)	516057	\$5,780.55			
					100-43110-303-	Highways, Streets & Roadways	\$5,780.55
01/11/2022	Northland Trust Services, Inc	St, \$985,000 General Obligation Improvement Bonds Services Paying Agent Annual Fee and Int	516058	\$53,930.63			
					412-41010-611-	GENERAL GOVERNMENT	\$13,930.63
					412-41010-601-	GENERAL GOVERNMENT	\$40,000.00
01/11/2022	Otter Tail County Highway Dept.	St, salt/sand (2021)	516059	\$192.02			
					100-43125-210-	Ice and Snow Removal	\$192.02
01/11/2022	Otter Tail Power Company	All depts, utility (2021)	516060	\$1,755.61			
					100-43160-380-	Street Lighting	\$672.79
					100-45110-380-	EVENT CENTER	\$279.93
					601-49440-380-	Water Utilities - Administration and General	\$398.23
					602-49490-380-	Sewer Utilities - Administration and General	\$182.71
					100-43010-380-	City Shop	\$107.03
					100-45210-380-	Parks	\$114.92
01/11/2022	Steve's Sanitation, Inc.	Event, Parks, garbage pick up	516061	\$201.58			
					100-45110-384-	EVENT CENTER	\$84.92
					100-45210-384-	Parks	\$116.66
01/11/2022	Vergas Hardware	All Depts, supplies	516062	\$177.59			
					609-49751-210-	Liquor Store - Manager - Off-Sale	\$7.99

Date Range : 1/11/2022 To 1/11/2022

<u>Date</u>	<u>Vendor</u>	<u>Description</u>	<u>Claim #</u>	<u>Total</u>	<u>Account #</u>	<u>Account Name</u>	<u>Detail</u>
					100-43110-210-	Highways, Streets & Roadways	\$93.97
					602-49490-210-	Sewer Utilities - Administration and General	\$75.63
01/11/2022	Vergas State Bank	City of Vergas GO Improvement Refunding Bonds, Series 2015A-Interest & Principal	516063	\$28,168.25			
					220-47010-611-	DEBT SERVICE	\$2,168.25
					220-47010-601-	DEBT SERVICE	\$26,000.00
Total For Selected Claims				\$94,570.99			\$94,570.99

Bruce E Albright	City Council/Town Board	Date
Julie A Bruhn	City Council/Town Board	Date
Logan M Dahlgren	City Council/Town Board	Date
Natalie K Fischer	City Council/Town Board	Date

CITY OF VERGAS

Bill Listing for December 16, 2021 to January 7, 2022

<u>VENDOR</u>	<u>DESCRIPTION</u>	<u>TOTAL</u>
Adobe Reader	All Depts., Computer Program	16.10
CDH-Vergas Fire Department	Fire, donation from TIP	5,000.00
City of Vergas	Payroll	13,272.33
Corporate Tech.	Computer Services	328.96
Internal Revenue Services	2021 + 2022 Withholding Tax	3,761.91
Lake Region Electric	Sign, electricity	76.33
Lammers, Julie	Cleaning supplies	34.67
Madison	Employee Insurance	103.59
MCFOA	Clerk, training	40.00
MN Dept. of Revenue	Sales Tax	57.00
MN Dept. Revenue	2021 + 2022 Withholding Tax	542.90
MN Life	Employee Insurance	115.80
Productive Alternatives	Event, cleaning	143.04
Public Employees Retirement Assoc.	Payroll	2,132.22
Quill	Office Supplies	69.99
Vergas State Bank	Shazam Card	1.00
Total for bills paid between Council Meetings		<hr/> \$25,695.84

City of Vergas Liquor Store Checks Paid in December 2021

Vendor	Description	Total
Absolute Ice		\$49.00
American Bottling Company		\$78.04
Artisan Beer Company		\$293.66
Arvig Communications	Security, Phone, TV, Internet	\$433.32
Bergseth Bros		9,065.99
Beverage Wholesalers		1,892.75
Blue Cross Blue Shield of MN	Employee, health insurance	\$1,030.01
Breakthru Beverage Mn		1,195.97
City of Vergas	Utility	59.87
City of Vergas	Payroll	4,768.24
Cooper's Technology	Desk	130.00
Datamann, Inc	Computer Support	26.90
D-S Beverages		1,649.05
Great Plains Natural Gas	Utility	\$161.26
Internal Revenue Service	2021 Withholding Tax	1,404.54
Johnson Brothers Liquor Co		2,391.59
League of MN Cities	Worker Comp Insurance	468.00
Leighton Broadcasting	Advertising	830.00
Merchant Services	Credit Card Fees	698.68
MN Dept. of Revenue	Sales Tax	3,830.00
MN Dept. Revenue	2021 Withholding Tax	191.96
Otter Tail Power Company	Utility	446.56
Paustis Wine Company		992.25
Phillips Wine & Spirits		3,153.92
Public Employees Retirement Assoc.	Payroll	\$861.72
Quill Company	Supplies	45.01
Social Studio 7 Inc	Advertising	300.00
Theisen, Kyle	Cell Phone, reimbursed supplies	50.10
Tweeton Refrigeration	3 door cooler	5,631.28
Vergas Fire & Rescue	Calendar Advertising	175.00
Vergas Hardware	Supplies	6.99
Viking Coke		298.50
Vinocopia		353.00
	Total	<u>42,963.16</u>
	December Receipts	<u>52,668.36</u>
December Balance		\$9,705.20
	January - November Operating Income (Loss)	\$30,477.63
	Transfers to General Fund	<u>30,000.00</u>
2021 Total Income (Loss)		\$70,182.83

AGED BALANCES

CITY OF VERGAS

DATE: 12/31/2021 AUTHOR: VERJL22

CRITERIA: ACCT#: 0 - 999999999 NAME: 0 - Z ZIP: 0 - 0 * includes unbilled transactions

STATUS KEY: N=NORMAL W=NEW C=CUTOFF O=CHARGEOFF I=INACTIVE F=FINAL D=DISABLED R=RENTER L=LANDLORD

Acct#	Stat	Customer	Current	Over 30	Over 60	Over 90	Balance
80	N	PENNEY, JOYCE	\$119.55*	\$79.04	\$80.40	\$66.49	\$345.48
211	N	LEMON, BRANDON	\$175.01*	\$99.82	\$98.39	\$172.35	\$545.57
230	N	WELDON, BEN &	\$187.27*	\$128.22	\$36.73	\$0.00	\$352.22
361	N	RHONDA UEKE	\$144.59*	\$96.56	\$116.14	\$31.91	\$389.20
621	N	WOODS, CASSANDRA	\$146.04*	\$95.21	\$86.01	\$120.55	\$447.81
1180	N	WANNA BE	\$357.08*	\$268.30	\$269.51	\$0.00	\$894.89
1301	N	WANNA BE	\$87.15*	\$62.21	\$56.55	\$0.00	\$205.91
1346	N	MOE, CLIFFORD	\$89.98*	\$64.79	\$64.35	\$0.00	\$219.12
1361	N	LONGTIN, TRISHA	\$103.01*	\$84.19	\$50.41	\$0.00	\$237.61
1765	N	CISSELL, GREGORY &	\$134.19*	\$88.91	\$137.55	\$0.00	\$360.65
Totals(10):			\$1,543.87	\$1,067.25	\$996.04	\$391.30	\$3,998.46

General Fund/Special Revenue Money Market Account

	2020 Balance	Interest	2021 Interest	2021 Purchased	2021 sold
City Shop	3,040.27	2.94%	2.94		
Easements	5,210.95	5.04%	5.05		
Event Center	27,422.08	26.50%	26.56		25,495.17
General	10,453.80	10.10%	10.12		
Park	13,206.83	12.76%	12.79	891.00	
Sand Seal (Seal Coating)	23,844.83	23.04%	23.09		
Sidewalk	11,851.35	11.45%	11.48		
Street Improvements/Equipment	8,457.64	8.17%	8.19	14,894.00	
Balance	\$103,487.75	100.00%	\$100.23	\$15,785.00	\$25,495.17

***Committed total should not drop below \$110,000 or be above \$165,000 at the end of the year.

West Central Initiative Account

	1/1/2021	Interest	Donations	Purchases	12/30/2021 Balance
Vergas Community Fund	0.00	0.00	103.20	0.00	103.20
Veterans Memorial	0.00	1.22	52,645.33	20,425.22	32,221.33
Event Center	8,649.42	0.30	0.00	8,000.00	649.72
Trails, Parks & Recreation	53.54	0.00	0.00	0.00	53.54
Pickleball	0.00	1.26	67,776.38	52,389.55	15,388.09
Veteran's Memorial Fund	0.00	0.86	47,495.33	20,425.22	27,070.97
Economic Development	15,313.08	1.59	0.00	0.00	15,314.67
	24,016.04	5.23	167,917.04	101,239.99	90,698.32

12/31/2021

Balance

3,043.22

5,215.99

1,953.47

10,463.92

14,110.62

23,867.92

11,862.83

23,359.83

93,877.81 ***

American Rescue Plan Funding 2021-2026

Identified Community Need	Source Identifying	Estimated Cost	Priority Ranking	Date Council Approved
Infrastructure: Generators for 1 Water Plant, 1 Fire Hall, 5 lift stations	Emergency Management Mitigation Action Plan			
Infrastructure: Higher grade dehumidifier for the water tower	Utilities	\$2,470.00	1	
Lost Revenue: Event Center track type unit to provide barrier between kitchen & event area.	Event Center Committee	\$8,000		
Infrastructure: Paint Water tower out of these funds to keep water costs down that are passed onto residents.	Residents	\$123,000		
Broadband Infrastructure; IT Support (All computers/ipads)	City	\$2,400.00	3	
Infrastructure: Heaters for Water Plant	Utilities			
Broadband Infrastructure; Microphones for Smart Room	General Government	\$5,000.00		
It Support - Fire Wall and Microsoft 365	General Government	\$1,973.00	2	

Income:

9/7/2021 Grant Funds	18,623.80
11/22/2021	609.88
Total Income	<u>\$19,233.68</u>

Expenses:

Dehumidifier	Water Plant	2,470.00
Fire Wall	General Government	848.44
Microsoft 365	General Government	1124.56
Computer Tech. Support	General Government	2,400.00
Total Expenses		<u>\$6,843.00</u>

Total in Fund	<u>\$12,390.68</u>
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City of Vergas
Investment Schedule
2021

	<u>Account Number</u>	<u>12/31/20</u>	<u>Purchase</u>	<u>Sold</u>	<u>Interest Earned</u>	<u>12/31/21</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
General Fund	325657	103,487.75	891.00	25,495.17	93.52	78,977.10	0.10	MMDA
Street Debt Service 2006	19919	9,921.23	0.00	0.00	92.32	10,013.55	1.40	2/24/2022
Sewer Reserve	19753	26,656.77	0.00	0.00	66.46	26,723.23	0.50	6/27/2022
Sewer and Water Debt Service	19759	37,060.94	0.00	0.00	204.12	37,265.06	0.55	7/17/2022
Liquor Fund	20097	71,077.30	0.00	0.00	124.04	71,201.34	0.35	12/11/2021
Totals		248,203.99	891.00	25,495.17	580.46	224,180.28		

City of Vergas
Bond Schedule
2021

<u>Title</u>	<u>Purchase Date</u>	<u>Beg. Balance</u>	<u>Sold Date</u>	<u>Interest Rate</u>	<u>Bank</u>	<u>Maturity Date</u>	<u>Balance 12/31/2020</u>	<u>Interest Due 12/31/2021</u>	<u>Total Due 12/31/2021</u>
General Obligation Improvement Refunding Bonds, Series 2015A	42353	299000		0.024254	Vergas State	2/1/27	245,052.75	33,263.00	278,315.75
2009 Gen. Obligation Water/Sewer Refunding Bonds	39973	475000		0.040857	US Bank N.A.	1/1/23	187,150.00	83,352.50	270,502.50
General Obligation Improvement Refunding Bonds, Series 2019A	43627	985000		0.03095544	Northland Trust	2/1/40	985,000.00	366,645.72	1,351,645.72
Total		\$1,759,000.00					1,417,202.75		1,900,463.97

CITY OF VERGAS
COUNCIL MINUTES
VERGAS EVENTS CENTER & ZOOM
Tuesday, December 14, 2021

The City Council of Vergas met at 6:30 pm, on Tuesday, December 14, 2021, at the Vergas Event Center and on a Zoom for a hybrid regular council meeting with the following members present: Mayor Julie Bruhn, Council Members: Bruce Albright, Paul Pinke, Logan Dahlgren and Natalie Fischer. Absent: none. Also present: Clerk/Treasurer Julie Lammers, Utilities Superintendent Mike DuFrane, Sherri Hanson, Carol Albright, Kevin Niemann, Glen Bunkowske, Attorney Tom Winters and Engineer Scott Kolbinger.

Call to Order

Mayor Julie Bruhn called the meeting to order.

Citizens' Concerns

No citizens' concerns were addressed.

Agenda Additions and Deletions

Motion by Pinke, seconded by Albright to approve the agenda with the addition of personnel committee. Motion passed unanimously.

Approval of Consent Agenda

Motion by Pinke, seconded by Fischer to approve the following agenda with the removal of Council bills: Council Minutes of the Oct. 12, 2021, and November 9, 2021, liquor store bills for November 2021 totaling \$75,406.16, bills paid between Council meetings totaling \$9,890.58, late water/sewer bills, general fund/special revenue money market account report, 2021 investment schedule/bond schedule, American Rescue Plan Funding 2021-2026, American Rescue Plan Resolution (complete copy of resolution located at the city office), MN Lawful Gambling Permit for the Lions on 12-31-2021, Polling Place Designation Resolution (complete copy of resolution located at the city office), 2022 Licenses for Liquor: Billy's Corner Bar, Skal, Otter Coffee (wine only-on sale), Olson Oil (3.2 beer-off sale) and Vergas Lion's (3.2 beer on-sale), Cigarette: Vergas Liquor Store, Olson Oil and Lakes Area Co-op and for employee training; . MN Rural Water Conference – March 1-3, 2022 (DuFrane) St Cloud, MN Clerks and Finance Officers – March 22 -25, 2022 (Lammers) St Cloud, Clerks Advanced Academy- (Lammers)Waite Park, LMC, Loss Control Workshop (DuFrane, Engebretson, Lammers), League of MN Cities Annual Conference (Mayor, Council & Lammers)and Municipal Beverage Association (MMBA) (Theisen) Arrowwood. Motion passed unanimously.

Lammers reviewed Council bills stating the Arvig invoice for \$638.03 needed to be removed as it is being paid with the Arvig invoice paid on the listing. Dahlgren stated the late utility billing names were not provided in the packet and Lammers stated who was on the list. Motion by Pinke, seconded to Dahlgren approve the Council bill listing totaling \$74,889.02. Motion passed unanimously.

Committee Reports

Sherri Hanson reviewed the Park Board meeting held on November 18, 2021 (minutes available at the Vergas City Office). Requested the ordinance regarding advisory board membership be updated and the ability to have members who are not city residents. Reviewed a plan for NDSU Landscaping program to do a project in the Vergas Long Lake Park. There is a \$1,000 fee for this plan and the park board will bring a written agreement to the council in the future. Discussed damage to the boardwalk from snowmobiles and DuFrane is looking into coverage with the current warranty. Discussed speed limit along Frazee Avenue by the Long Lake Beach. Lammers will contact MNDOT for speed study information. Council may need to contact State Legislature regarding the state setting the speed limit within the city.

Albright reviewed the EDA/HRA meeting held on December 1, 2021 (minutes available at the Vergas City Office). Discussed the City West Lake Street property which the EDA had a bid opening for sale of property. EDA members recommended to the Council to sell the property for \$40,000.00 to Josh

Hanson. Albright reviewed some concerns the street committee addressed at their meeting regarding the sale of City property. Discussed the current use of the property, the need to have it cleaned up, need for buildings to be removed and we are using it for a use that is not in accordance with our zoning ordinance. Motion by Dahlgren, seconded by Fischer to sell 310 W Lake St, parcel number 82000500024001 to Josh Hanson for \$40,000.00. Motion passed unanimously.

Albright reviewed the Street/Sidewalk/Yard Waste committee meeting held on December 3, 2021 (minutes available at the Vergas City Office). Motion by Pinke, seconded by Dahlgren to approve the resolution 2021-14 approving Complete Streets Policy (complete copy of resolution located at the city office and on the city web page). Motion passed unanimously. Motion by Pinke, seconded by Albright to approve the resolution 2021-18 approving seal coat with Otter Tail County (complete copy of resolution located at the city office and on the city web page). Motion passed unanimously. Discussed transferring funding from our current street budget to the money market account. Motion by Pinke, seconded by Albright to transfer \$14,894.00 to the money market account. Motion passed unanimously. The city has received an easement to remove brush along Townline Road until we have permanent easements in place.

Albright reviewed Planning Commission meeting minutes of November 22, 2021 (minutes available at the Vergas City Office). Discussed grass ordinance and asked Attorney review ordinance and make recommendation. Discussed snowmobile ordinance and path for them to enter the city.

Bruhn reviewed Liquor Store Committee meeting minutes of December 7, 2021 (minutes available at the Vergas City Office). Motion by Albright, seconded by Pinke to purchase a 3-door cooler from Tweeton Refrigeration for \$4,944.50. Motion passed unanimously.

Lammers reviewed the Vergas Event Center meeting held on November 10, 2021 (minutes available at the Vergas City Office). Motion by Pinke, seconded by Fischer to reimburse the Vergas Lion's for \$225.00 of their event center rental due to the Event Center being closed from January-March of 2021. Motion passed unanimously.

Bruhn reviewed budget committee recommendations of the proposed budget numbers for 2022 and proposed 2022 fee schedule. Motion by Pinke, seconded by Fisher to approve the resolution 2021-17 (complete copy of resolution located at the city office and on the city web page) for the proposed 2022 budget of \$428,764.00. Motion passed unanimously. Motion by Albright, seconded by Pinke to accept the proposed fee schedule for 2022 with the following being changed from 2021 water rate changed from \$3.50 to \$3.75 per 1,000 gallons, sewer rate changed from \$2.50 to \$2.75 per 1,000 gallons and the yard waste fee from \$40.00 to \$60.00 a year. Motion passed unanimously. The fee for mowing lawns will continue at a rate of \$200.00 an hour with a minimum of one hour. City employees spend a large amount of time writing letters, taking phone calls and setting up someone to mow these properties and hopefully this rate will deter residents from using the city to mow their property. Discussed certified letters and making the residents aware they will be charged \$30.00 for a certified letter if they do not pay current invoice. The amount for a certified letter will be addressed in communication with residents to avoid residents from being surprised by cost of letter delivery. Bruhn reviewed personnel committee recommendation for 2.5% employee cost of living raise. Motion by Pinke, seconded by Fischer to give city employees a 2.5% employee cost of living raise effective January 1, 2022. Motion passed unanimously.

Fischer reviewed water and sewer committee meeting minutes of December 13, 2021 (minutes available at the Vergas City Office). The media filter at the water plant is leaking and needs to be replaced as soon as possible. The wells need to be inspected immediately due to a loud noise coming from Well #1. Motion by Albright, seconded by Pinke to have DuFrane repair wells as soon as possible. Motion passed unanimously. Motion by Albright, seconded by Pinke to purchase Kurita media for \$113,400. Motion passed unanimously. Motion by Albright, seconded by Pinke for Lammers to seek financing with Minnesota Rural Water for 10 years for a Micro Loan for \$126,000. Motion passed unanimously.

Utility Bill Late Fee-460 S Pelican Ave

Kevin Niemann owner of 460 S Pelican Avenue requested late fee of \$20.59 be removed from his current utility bill due to him not receiving the bills. The property was sold by foreclosure from US Bank to Niemann and the bills were being sent to US Bank and neither party informed the City of the sale. When bill was to be certified City Office staff found the property had been sold. Motion by Pinke, seconded by Albright to waive the late fee of \$20.59. Motion passed unanimously.

Construction Permits

Motion by Albright, seconded by Pinke to approve the following construction permits: 410 E Scharf Ave for a sign, 906 E Frazee Ave for siding and 137 Main Street for an archway door. Motion passed unanimously.

Information & Announcements

No additional information or announcements were discussed.

Adjournment

The business for which the meeting was called having been completed, the meeting was adjourned at 7:45p.m.

Clerk-Treasurer Julie Lammers, CMC

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

8. Appointments

- a. Council Portfolios & Committee Representatives
- b. Appoint City Attorneys: Ramstad, Skoyles & Winters, P.A.
- c. Designate Official Newspaper: Frazee-Vergas Forum
- d. Designation of official place of advertisement of projects: cityofvergas.com website
- e. Designate Official Depositories: Vergas State Bank

Files Attached

- 2022-city-of-vergas-portfolio.pdf

2022 City of Vergas Portfolio's/Councils/Committees/Boards			
	Council Appointment	Staff Appointment	Citizen Appointments (as applicable)
Acting Mayor	Natalie Fischer	Julie Lammers	
Weed Inspector	Julie Bruhn	Matt Engebretson	
Ongoing inspection during the months of May-October			
Budget	Julie Bruhn Logan Dahlgren	Julie Lammers	
Annual meeting in July to establish annual budget for City Council review at September meeting			
Liquor Store/Municipal Building/License	Julie Bruhn Logan Dahlgren	Julie Lammers	
Bi-annual meeting for Liquor Store to review beginning and end of year budget License meeting when proposing fee changes or new license Municipal Building meets at call of the Utility Superintendent &/or City Clerk to discuss municipal buildings and required action needs.			
Streets/Sidewalks Yard Waste	Bruce Albright Paul Pinke	Mike DuFrane	
As needed to address issues requiring action			
Water & Sewer	Logan Dahlgren Natalie Fischer	Mike DuFrane	
Meet annually for budget review and development in November. Other meetings as needed to address issues requiring action			
Emergency Management Safety	Julie Bruhn	Julie Lammers Mike DuFrane	Fire Chief: Jeff Zitzow Rescue: Teresa Goodman
Annual EM review and exercise/training Safety Training oversight and meet as needed to address safety issues requiring action			
Personnel	Julie Bruhn Natalie Fischer	N/A	
Annual evaluation meeting, new hires, probation reviews and as needed to address issues			
Event Center Advisory Board	Logan Dahlgren Paul Pinke	Julie Lammers	Paul Haarstick, Vanessa Perry, Lyle Krieg, Mary Ditterich
Monthly meeting or at the call of the Chair			

Planning (3 year term. Can serve up to 3 terms)	Bruce Albright	Julie Lammers	<ul style="list-style-type: none"> • Van Bruhn (2016-18/ 2018-20/2020-22) • Robert Jacoby (2020-22) • Neil Wothe(2021) (2022-24) • Paul Pinke (2016-18/ 2018-20/2020-22)
Meets 10 months of the year (No meeting July or Dec)			
EDA/HRA (6 year term-3 term limit)	Bruce Albright	Julie Lammers	Kevin Zitzow- term thru 2023 Vanessa Perry- term thru 2024 Paul Pinke- term thru 2022 Austin Tegtmeir-term thru 2025
Monthly			
Fire Board	Julie Bruhn	N/A	Fire Chief Candor, Dora, Hobart Township
3 meetings annually- budget, audit, and annual meeting			
Park Advisory Board (Park & Recreation)	Paul Pinke	Julie Lammers Mike DuFrane	Sherri Hanson (Chair), Carol Albright, Steph Hogan, Maggie Puetz
Meets monthly or at the call of the Chair			

1. Recorded minutes are reviewed by the City Council
2. Minutes contain recommendations to the council. Be clear and specific in terms of background of the issue, aspects reviewed and recommended action(s). Must contain when meeting was held, where meeting was held, who was present at the meeting and recommendations in minutes.

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

10. Committee Reports

- a. Park Board
- b. Personnel

Files Attached

- 12.16.2021 Park Advisory Board Minutespdf.pdf
- NDSU Lakescaping proposal for Vergas Parks.pdf
- Personnel Mtg 1_6_2022.pdf

12.16.2021 Minutes Vergas Parks and Rec Advisory Board
3:30 p.m. Vergas Event Center

1. **Members Present:** Carol Albright, Sherri Hanson, Maggie Puetz.
Members Absent: Steph Hogan, Mike DuFrane, Paul Pinke
Others Present: Tony Sailer
2. **No additions or corrections to the agenda.**
3. **November Minutes approved** with a motion by Hanson/second by Puetz.
4. **Skating Rink:** Are we behind in getting the rink completed? Ice should be good by the end of next week possibly. The “porta potty” will cost \$85/month and \$60 for each clean out. Those figures were relayed to Hanson by DuFrane.
An agreement was reached that hours should be posted 8:00 a.m. to 8:00 p.m.
5. **Swingset:** Sailer talked to Chris Johnson from St. Croix Recreation. Johnson does not yet have the estimate put together for us and apologized profusely. It should be ready for January’s meeting.
6. **Trail:** DuFrane told Hanson he intends to go to another Ultra Snowmobile Club meeting to possibly get signs for lake exit/entrance.
Snowmobiles have driven on the Boardwalk and caused scrapes/gouges. Jeff Ratz saw six snowmobilers coming down Highway #60 from the Perham direction last weekend drive across the Boardwalk. He attempted communication with them.
DuFrane placed cement barriers at each end of the Boardwalk. **He needs to put reflectors on them.**
Hanson suggested getting cameras for the Trail and Boardwalk. **Puetz will look into cost and product options.** She purchased a home security camera for about \$50; though Sailer noted their security cameras in Brainerd cost in the \$1500 range.
7. **Boardwalk: DuFrane does not yet have information about the warranty. He said at the Council meeting he would be contacting the company about how to repair the damage done by the snowmobiles.**
8. **Donation Campaign:** Albright reported Barnesville has a Community Fund with its own website and Facebook Page. They send out a newsletter in the spring and fall seeking donations. Hanson noted Vergas already has a Community Fund page for donations to the EDA, Parks and Rec (including Pickleball), Veterans Memorial, and Vergas Event Center. She had the Community Club tech person create a newsletter format. We will all work on adding text and photos.
Another fundraising idea is to sell stickers for the Parks and Rec Fund. **Puetz and Albright will research ideas for that project, likely at JH Signs.**
9. **Parks and Rec Board membership clarification:** The Council will be revising the ordinance dealing with membership. According to MN League of Cities, advisory board members do not have to be residents of the City in which the advisory board operates. That change will be made by the January meeting, so Tony Sailer can be appointed to our board.

10. DuFrane will have a representative from Dakota Fence, Cody, at our January or February meeting to discuss the fencing they have available for the first part of the Trail.

11. New Park Design: Hogan, Hanson, and Albright met with Matthew Kirkwood, from the NDSU Landscape Architecture Department. He is excited to offer the services of his students to design a new plan for Long Lake Park. The fee is \$1000. Albright is waiting to get a written agreement from him for the Council's approval. She did inform the Council of this project at the December 14 meeting.

Albright also wondered if we might make use of his services to make a plan for the ball diamonds area. For example, Puetz thinks a dog walking park would be a good addition in that area. She reports there are about 80 dogs in the city of Vergas.

12. Budget Concerns: Sailer noted at the last meeting that donations do not seem to show up on the Budget. Albright brought up the same concern today. For example, Hanson wondered where the \$5000 Community Club donation for the swingset is shown in the budget; or the \$871 from Looney Daze, and the individual donations for the swingset and the doggie waste station. We will possibly invite Julie Lammers to the next meeting to explain.

The next meeting will be Thursday, January 27, 2022 at 3:30 p.m. in the Event Center.

NDSU Landscape Architecture Department is pleased to offer Park Master Plan Services. The initial phase will be conducted during the Spring 2022 Semester. I will work with students to develop 8-10 scenarios for the park expansion that we discussed on site in Vergas. A work program will be provided by the Vergas Park Committee.

The fee for the initial phase will be \$1250. The payment shall be made out to NDSU (ref# NOV00006802). Payment must be received by February 1, 2022, for us to start work. We require a field survey and digital topography to begin our base work. The Park committee shall meet with me and the students at the Introduction of the Project January 19th @ 10:00am at Klai Hall or via Zoom to kick off the project. The committee will have a couple times to see progress and will be invited to a Presentation February 25th @ 10:00 in person or via Zoom. At the conclusion of the first phase we can discuss options for proceeding.

Phase 2 is anticipated to be accomplished between May and July 2022. This phase will build on work from Phase 1 and be further refined in design detail. During this phase one plan will be assembled for graphic presentation, general cost estimate, and can be presented to reviewers for an anticipated fee of \$3500 (ref# NOV00006802). Approval for this phase must be made by March 24th, 2022, with recommendations in how to prioritize Phase 1 plans.

City of Vergas
Personnel Committee

The Personnel Committee was called to order on Thursday, January 6, 2022, at 9 am. Present were Julie Bruhn, Natalie Fisher and Julie Lammers at 9 am and Mike DuFrane at 10 am.

1. Annual performance appraisals were conducted with City Staff, Julie Lammers City Clerk Treasurer/Liquor Store Manager and Mike DuFrane Utilities Superintendent. City Staff are fully successful in meeting their performance standards. As previously approved by the City Council at the December meeting a 2.5% COLA will go into effect 1/1/2022.
2. Revised job description as City Clerk/Treasurer was reviewed and signed by Ms. Lammers. With hiring of Liquor Store Manager in November, Ms. Lammers will no longer hold the dual role.

With the change in Ms. Lammers position, her pay will be reduced by \$5.00, which was what had been set up for additional pay when assuming both roles.

Ms. Lammers noted 199 hours of annual leave that had been accrued at higher pay. Will compensate one time pay for the leave utilizing the difference between prior salary and new salary.

3. Recommendation to Council: Compensation to Ms. Lammers for accrued leave at the higher pay, compensating only the difference between the prior and lower new salary.

Recorder
/es/ Julie Bruhn

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

11. Construction Permits

101 1st Ave N-sign

Files Attached

- Construction Permit 2022-001 Vergas MN - Site Layout.pdf
- Construction Permit 2022-001 Cenex.pdf

Overall Logo Layout

<p>1st Ave N</p> <p>Main ID Sign</p> <p>W Mah St</p>		<p>Canopy # 1 Graphics</p> <p>36in Cenex </p> <p>Square <input type="text" value="2"/> Canopy # 1 Corner Treatment <input type="text" value="TFC 36\"/></p> <p>Canopy # 1 Width <input type="text" value="25.00"/></p> <p>Canopy # 1 Length <input type="text" value="39.00"/></p> <p>Elevation A <input type="text" value="38"/> Elevation B <input type="text" value="25"/></p> <p>Elevation C <input type="text" value="38"/> Elevation D <input type="text" value="25"/></p>
<p>Canopy Lightband Locations</p> <p>Canopy # 1</p> <p>Elevation A <input type="text" value="Include"/> Elevation B <input type="text" value="Include"/></p> <p>Elevation C <input type="text" value="Include"/> Elevation D <input type="text" value="Include"/></p>		<p>DCI Job #: 67719A</p> <p>Site #: 565089</p> <p>Date: 12/07/21</p> <p>Drawing By: Jacob Cecchini-Roosevelt</p> <p>Approved By: </p>
<p>OCI Image Team</p> <p>636 Metcalf El Dorado, KS. 67042</p>	<p>Location</p> <p>Name: Lakes Area Coop</p> <p>Address: 101 1st Ave N</p> <p>City State Zip: Vergas, MN 56587</p>	<p>CENEX</p>

Overall Logo Layout Approval: *DT*

Sign Rendering



Site: Lakes Area Coop
Address: 101 1st Ave N
City, State: Vergas, MN



Sign Rendering Approval: *DT*

Permit Number: _____ Date Received: _____ Parcel Number: _____

Construction Permit Application

To the City Council of the City of Vergas in the County of Otter Tail, State of Minnesota:
Application is hereby made by the undersigned for a Construction Permit as provided by City Ordinance as adopted by the City of Vergas.

- GOPHER STATE ONE CALL MUST BE NOTIFIED 48 HOURS PRIOR TO ANY DIGGING, CALL 1-800-252-1166 AS REQUIRED BY MINNESOTA STATE LAW.
- THE CITY OF VERGAS WILL CHECK ALL SETBACKS ON ANY NEW CONSTRUCTION. IT IS THE APPLICANT'S RESPONSIBILITY TO HAVE ALL PROPERTY LINES LOCATED. ALL NEW CONSTRUCTION REQUIRES THE APPLICANT TO MARK THE PROPOSED BUILDING SITE AND PROPERTY LINES BEFORE THE BUILDING PERMIT WILL BE APPROVED.
- All Electrical work **MUST** have an electrical permit, which must be obtained separately from a MN State Contract Electrical Inspector (218)342-3345 or (218)849-6059.

Property Description: (NEW CONSTRUCTION ONLY)

Lot _____, Block _____, Addition _____

Property: Width _____ feet, Length _____ feet

Must supply City with a \$1,000 deposit for tar break up. City will reimburse \$1,000 when project complete and street is approved by Utilities Superintendent.

PLEASE NOTE: WITH ANY NEWLY CONSTRUCTED HOME, THERE ARE FEES FOR START UP OF UTILITIES. WATER HOOK-UP ASSESSMENT IS \$750.00, SEWER IS \$750.00.

Name of Applicant: Nikki Chapman - Rose City Canopy + Sign

Address of Construction Project: 101 1st Ave N.

Mailing Address: 101 1st Ave N Phone: _____

Name of Owner (If not the Applicant): Perham Coop Creamery Assn.

Address of Owner (If not the Applicant): 101 1st Ave N.

1. Permit to (CIRCLE ONE)

Build	Install	Addition	Alter
Move	Demolish	<u>Repair</u>	Remodel

Description of work to be done:

Install new 5'x6' Cenex ID faces, product panels, and FL3000 digits.
Install Cenex Halo image on 4 sides of canopy.

2. Proposed use of building: (CIRCLE ONE) Residential Commercial

3. **VALUATION** (not just your cost) of work being completed: \$ 2,480.00

Building Contractor:

Name: Rose City Inc. License Number: _____ Phone: (218) 738-3188

Plumber: (must have MN License)

Name: _____ License Number: _____ Phone: _____

Electrician:

Name: _____ License Number: _____ Phone: _____

Form approved by City of Vergas Council 09/12/2017

4. Attached a "Site Plan", showing the proposed location of any new building in reference to the property including existing buildings. If you have a copy of a professionally prepared site plan, attach a copy for review by the City's Site/Zoning Inspector. Blueprint or Design Drawings must be submitted for any new construction, addition, or remodel.

5. Certification: I hereby certify that I am the applicant herein and that the information given above and/or any exhibits submitted herewith is in all respects true and accurate to the best of my knowledge and belief, and further, if this permit is granted, said construction will comply with plans and specifications herewith submitted and applicable requirements of the City of Vegas.

6. I am the (CIRCLE ONE) OWNER LESSEE PURCHASER AGENT

7. APPLICANT'S SIGNATURE: [Signature] DATE: 1-5-22

FOR OFFICE USE ONLY

\$ _____ Water Hook-up \$ _____ Sewer Hook-up
\$ _____ Permit Fee \$ _____ Tar Break Up Deposit
\$ _____ Total Fees

Receipt # _____ Date Paid _____, 20__

____ Form given to client to display the permit to be visible from the street & to notify office of completion.

Signature: _____ Date: _____, 20__
(Permitting Authority)

Date Approved by Council: _____, 20__

Permit expires in one year if project is not complete please reapply for permit.

**City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022**

12. Staff Reports

Utilities Superintendent Report

City Council
2022 January Council Meeting
Zoom Id number 267-094-2170 password 56587
6:30 PM on Tuesday, January 11, 2022

13. Information & Announcements

- a. MN Rural Water Conference – March 1-3, 2022 (DuFrane) St Cloud
- b. MN Clerks and Finance Officers – March 22 -25, 2022 (Lammers) St Cloud
- c. Clerks Advanced Academy- (Lammers)Waite Park
- d. LMC, Loss Control Workshop (DuFrane, Engebretson, Lammers)
- e. League of MN Cities Annual Conference (Mayor, Council & Lammers)
- f. Municipal Beverage Association (MMBA) (Theisen) Arrowwood

Files Attached

- Otter Tail County ARP Funding Memo 12_14_2021 chart version.pdf



BACKGROUND

In March 2021, the Federal American Rescue Plan (ARP) Act was signed, providing \$350 billion to states, counties, cities, and towns throughout the country to support local government coronavirus recovery efforts. The funds can be used to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

The ARP Act requires that the payments from the Coronavirus State and Local Fiscal Recovery Funds be used only to cover expenses that:

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control
- Replace lost revenue for eligible state, local, territorial, and Tribal governments to strengthen support for vital public services and help retain jobs
- Support immediate economic stabilization for households and businesses
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic

In early September, Otter Tail County received the first distribution of its \$11,410,722 ARP Act funding allocation. The final distribution will happen in May 2022. These funds must be committed by December 31, 2024 and expended by December 31, 2026. Additionally, Otter Tail County will continue to seek other funding opportunities from the federal government, state government and other sources to offset the costs associated with an effective COVID-19 recovery.

PROPOSAL

There continues to be a need to support COVID-19 response and recovery efforts in Otter Tail County. Staff have involved community stakeholders and the departments most aware of the health and economic impacts of COVID-19 to identify the following priority investment areas of our allocated ARP Act funding. These priority investment areas also align with the County's Long Range Strategic Plan (LRSP). An outline of the proposed programmatic areas can be found below.



Housing Investment

Housing growth and investment is a priority area that the Otter Tail County Community Development Agency (CDA) and Housing and Redevelopment Authority (HRA) will expand and accelerate efforts already underway. CDA and HRA staff and Boards of Directors are developing the following programming:

Proposed Program	LRSP Goal Statement	LRSP Objective	Solution
Create New Homes and Advance the Big Build	Provide opportunities for a variety of housing types throughout Otter Tail County.	Consider the completion of a county-wide housing study to identify housing types, values, and vacancy rates to help determine future housing development.	A countywide and submarket housing demand study is in progress. The study will be used to further identify housing demands in communities across the county and inform where housing growth investments should be prioritized. The development of a matching infrastructure funding program with townships has been discussed to help offset the expense of sewer and water investments necessary for housing growth. Township funds will be leveraged as well.
Keep People in Homes	Provide opportunities for a variety of housing types throughout Otter Tail County.	Consider utilizing housing programs that support investment in and maintenance of the existing housing stock.	Leverage City/Township ARP funds for rural rehabilitation program.
Get People into Homes	Promote the development of a range of housing options that meet the needs of all affordability levels.	Encourage public and private partnerships to apply for local, state, county, and federal funding to cover the gap between affordable housing revenue and costs.	Advance current housing assistance and affordable housing resources



Business & Workforce

Many businesses and organizations in Otter Tail County have been directly and adversely affected by the COVID-19 pandemic. The ongoing workforce shortage presents an immediate challenge to existing businesses as they struggle to maintain adequate staffing levels; as well, it hinders those looking to expand and grow in Otter Tail County. Given these challenges, the Community Development Agency has launched an action-oriented workforce strategy called ***OTC Works: Opportunities - Training - Connections***. In alignment with this strategy, the CDA staff and Board of Directors are developing and advancing programs and projects in collaboration with various partner organizations and identifying necessary funding sources. The requested ARP funds would be used to access additional funding, with the goal of leveraging the County ARP investment with an equal amount of outside funding. Following is a summary of the program areas, along with the alignment to the County's Long Range Strategic Plan:

Proposed Program	LRSP Goal Statement	LRSP Objective	Solution	Estimate
Advance Empowered Worker Occupational Readiness and Customized Skills Training Program	Provide access to quality educational opportunities for all residents to continue lifelong learning. Work with the County's school districts post-secondary schools and continuing education providers to provide access to learning opportunities that create a life ready population.	Continue partnerships with post-secondary schools, such as M State, to create a skill-ready workforce for Otter Tail County.	To connect displaced, underemployed, and unemployed workers within Otter Tail County with the currently available jobs and resources, this program will provide these individuals with supportive training and wraparound services for a three year pilot program.	\$150,000
Advance Youth Workforce Navigator Program	Provide access to quality educational opportunities for all residents to continue lifelong learning. Work with the County's school districts post-secondary schools and continuing education providers to provide access to learning opportunities that create a life ready population.	Invest in high-quality education. Opportunities within public and private entities should be created to provide youth with more professional experiences to gain tools and resources. The County should continue to partner with the School Districts to provide these tools.	Solution: Community Development Agency staff and partners have identified a gap between our school districts' young people and our industry employers. This three year Youth Workforce Navigator Program would bridge the gap between these key stakeholders for short-term workforce solutions and long-term employer to worker connections.	\$80,000

Proposed Program	LRSP Goal Statement	LRSP Objective	Solution	Estimate
Job Portal Support	Explore efforts to attract new and support existing businesses and industries to Otter Tail County that provide a living wage.	Collaborate with existing businesses to understand workforce, development and infrastructure issues limiting economic development and expansion.	The jobs portal is an Otter Tail Lakes Country Association (OTLCA) initiative in collaboration with the CDA. The portal provides a one stop shop for Otter Tail County businesses to share their open positions and for job seekers to find job opportunities of interest. Providing support for the jobs portal will allow OTLCA to continue promoting and improving this resource for a three-year period.	\$150,000
Leverage for Advising Services Partnership	Pursue the maintenance of a diverse economy within the County, providing a range of employment, shopping and recreation options.	Support and enhance existing businesses. Seek opportunities to learn about and solve barriers to retention of businesses like a Business Mentorship Program or Business Retention Program.	Businesses and other organizations need support to assist with transitioning their operating models to be more resilient moving forward. Efforts would be coordinated with the West Central Small Business Development Center (WC SBDC) to provide expertise and advising capacity. These supports would be in the form of coaching from experts in areas including business technology, marketing, digital presence, financial education, general business planning and succession planning. Grant funds from DEED's Small Business Partnership Grant have been secured to develop advising services in partnership with WC SBDC.	\$82,000
Support Existing Childcare Providers and Expand Availability of Childcare	Collaborate with childcare providers to provide access to quality and affordable care.	Explore opportunities to support existing and new childcare providers, including licensing assistance or the identification of space.	Specific solutions are under development. The CDA board has a childcare subcommittee meeting to assess the how the CDA/County can best support existing and new childcare providers.	\$100,000



Broadband & Other Infrastructure

The COVID-19 pandemic has highlighted the widening digital divide. As schools navigate digital learning, workers continue remote work arrangements and public services move online, the need for an affordable, reliable broadband connection and productivity technology is even more acute.

Proposed Program	LRSP Goal Statement	LRSP Objective	Solution	Estimate
Advance Local Broadband Initiatives	Support investments in emerging technologies throughout the County to provide quality communications infrastructure.	Continue partnerships with the private sector to provide quality communications infrastructure throughout the county.	This funding will be leveraged with other state and federal funding sources to support local broadband providers in the deployment of fiber to the home as well as a variety of digital access and equity projects.	\$2.8 million
Other County Infrastructure	Maintain a public infrastructure system that promotes economic development throughout the County and region.	Support the development of infrastructure systems that support commerce and tourism, as well as efficiently transport goods and people across the county and region.		



Community Resilience

Community Resilience seeks to focus on basic needs of those in crisis due to the impacts of COVID-19. While the framework below generally shows how Otter Tail County plans to move funding into the community to those most in need, we will continue to look at other needs and concepts in the areas of food and mental health should additional funding become available. Conversations around innovative approaches aligned with this initial proposal are occurring with state and community partners.

Proposed Program	LRSP Goal Statement	LRSP Objective	Solution	Estimate
Mental Health and Chemical Dependency Social Worker for Detainees	Provide access to services and amenities that create opportunities for residents to live a healthy lifestyle – include active living, recreation, healthy foods, and physical and mental health resources.	Prioritize programs that address addiction and mental health.	This funding will be used by Human Services and the Sheriff's Office to fund a Social Worker position in the jails and the individual in this role will support detainees experiencing mental illness and/or chemical dependency by providing information, referrals and coordination in pre-release planning. This position will establish relationships and effectively collaborate and communicate across multi-disciplines including Human Services, Probation, Sheriff and County Attorney to assist with the development and implementation of goals, policies, and procedures to provide optimal services to individuals based upon available resources.	\$500,000
Other mental health supports	Provide access to services and amenities that create opportunities for residents to live a healthy lifestyle – include active living, recreation, healthy foods, and physical and mental health resources.	Prioritize programs that address addiction and mental health.		



Other County Resource and Asset Investment

As a local unit of government responding to significant increases in current and projected needs for programs and services due to the COVID-19 emergency, Otter Tail County is also ensuring that it sets aside a portion of the ARP funding to be available for non-budgeted costs that must be addressed to ensure that the County is able to effectively operate and serve residents throughout the emergency period. Examples of such expenditures include compliance and oversight, public communications, sanitation, and testing.

Other ARP Funding

Every township and city within Otter Tail County was also eligible to receive a direct allocation of ARP funds. The per capita aid amount for all cities and townships is approximately \$115 per capita, totaling over \$3,000,000. Staff contacted all cities and townships to help ensure they complete the necessary certification to receive funding. 74 of our 86 cities and townships completed the certification and are receiving a direct payment based on the per capita formula.

CONCLUSION

We are committed to injecting the County's allocation of ARP funding into the community with both short-term and long-term projects. To maximize the County's investment of these dollars, the County must be willing to engage important partners from inside and outside the organization and rely upon the strength of relationships and trust that have developed over time. All spending will be reviewed to ensure eligibility and compliance with ARP Act spending guidelines.