

OFFICIAL CITY COUNCIL PROCEEDINGS  
REGULAR SESSION  
NOVEMBER 19, 2012

A regular session of the Granite Falls City Council was called to order by Mayor David Smiglewski at 7:30 p.m., Monday, November 19<sup>th</sup>, in the Council Chambers of City Hall. Council Members present: DuWayne Galow, Steve Nordaune, Steve Schaub Joe Fagnano and Scott Peterson. Council Member absent: Bill Miller. Staff present: City Manager Bill Lavin, Finance Director Michael Betker and City Clerk Joan Taylor. Others in attendance were Todd Hagen – Ehlers & Associates, EDA Director Dennis VanHoof, Members of the Granite Falls Fire Department and News Editor Scott Tedrick.

MINUTES: M/S GALOW/NORDAUNE TO APPROVE THE MINUTES OF THE NOVEMBER 5<sup>TH</sup> REGULAR MEETING. Motion carried unanimously by those present.

BILLS: M/S NORDAUNE/SCHAUB TO APPROVE BILLS PRESENTED FOR PAYMENT. Motion carried unanimously by those present.

BONDS: : Todd Hagen from Ehlers & Associates was in attendance to review with council the bid tabulation sheet for the sale of \$8,120,000 General Obligation Temporary Water Revenue Bonds, Series 2012B. Ehlers & Associates presented bid information from three proposals received. Following discussion, Schaub introduced a resolution and moved its adoption to accept the bid from United Bankers' Bank, Bloomington, Minnesota at a true interest rate of .07563% for the sale of the above referenced bonds.

RESOLUTION NO. 12-146

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$8,120,000 GENERAL OBLIGATION TEMPORARY WATER REVENUE BONDS, SERIES 2012B

WHEREAS, the City of Granite Falls, Minnesota (the "City") owns and operates a municipal water system as a separate revenue producing public utility (the "System") and there are no outstanding obligations of the City, other than the Temporary Bonds, as hereinafter defined, the interest and principal of which are payable from the net revenues of the System; and

WHEREAS, the City authorized the issuance and sale of \$8,120,000 General Obligation Temporary Water Revenue Bonds, Series 2009A, dated December 9, 2009 (the "Temporary Bonds"), pursuant to Minnesota Statutes, Chapters 475 and 444, particularly Section 475.61, Subdivision 5, to temporarily finance various improvements to the System in anticipation of a long term federal loan (the "Project"); and

WHEREAS, the Temporary Bonds mature on December 1, 2012, as provided in the resolution of the City Council, adopted on November 16, 2009 authorizing the issuance of the Temporary Bonds (the "Prior Resolution"); and

WHEREAS, the City has heretofore determined and declared that it is necessary and expedient to issue \$8,120,000 General Obligation Temporary Water Revenue Bonds, Series 2012B (the "Bonds" or individually, a "Bond"), pursuant to Minnesota Statutes, Chapters 475 to provide funds, together with certain available funds of the City including any unexpended proceeds of the Temporary Bonds, to pay the (i) Temporary Bonds on December 1, 2012, and (ii) issuance expenses relating to the Bond (the "Refunding"); and, to finance the redemption of the Prior Bonds (the "Refunded Bonds"); and

WHEREAS, the United States of America, the United States Department of Agriculture (the "Government") administered by Rural Development ("RD"), has entered into a prior commitment with the City to purchase a general obligation water revenue bond of the City to provide definitive financing for the Project provided the City provides interim financing for the Project; and

WHEREAS, as part of the underlying security for the payment of the Bonds, the City is obligated to accept the offer of the Government to purchase a definitive bond of the City in the amount of \$8,120,000 for delivery and payment on or before the maturity date of the Bonds for the purpose of refunding the same; and

WHEREAS, a contract or contracts for the construction of the Project have been made by the City with the approval of the Government and all other state and federal agencies of which approval is required; and

WHEREAS, the City has retained Ehlers and Associates, Inc, in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the sale of the Bonds and was therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

WHEREAS, the proposals set forth on Exhibit A attached hereto were received by the City Clerk, or designee, at the offices of Ehlers, at 10:00 a.m. this same day pursuant to the Terms of Proposal established for the Bonds; and

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

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Granite Falls, Minnesota, as follows:

Acceptance of Offer. The proposal of \_\_\_\_\_ (the "Purchaser"), to purchase the Bonds in accordance with the Terms of Proposal, at the rates of interest hereinafter set forth, and to pay therefor the sum of \$\_\_\_\_\_, plus interest accrued to settlement, is hereby found, determined and declared to be the most favorable proposal received and is hereby accepted, and the Bonds are hereby awarded to the Purchaser. The City Finance Director, or designee, is directed to retain the deposit of the Purchaser and to forthwith return to the unsuccessful bidders any good faith checks or drafts.

Bond Terms.

Title; Original Issue Date; Denominations; Maturity. The Bonds shall be titled "General Obligation Temporary Water Revenue Bonds, Series 2012B", shall be dated November 29, 2012, as the date of original issue and shall be issued forthwith on or after such date as fully registered bonds. The Bonds shall be numbered from R-1 upward in the denomination of \$5,000 each or in any integral multiple thereof of a single maturity (the "Authorized Denominations"). The Bonds shall all mature on December 1, 2014, unless called for earlier redemption.

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

(i) The Bonds shall be initially issued and, so long as they remain in book entry form only (the "Book Entry Only Period"), shall at all times be in the form of a separate single fully registered Bond for each maturity of the Bonds; and for purposes of complying with this requirement under paragraphs 5 and 10 Authorized Denominations for any Bond shall be deemed to be limited during the Book Entry Only Period to the outstanding principal amount of that Bond.

(i) Upon initial issuance, ownership of the Bonds shall be registered in a bond register maintained by the Bond Registrar (as hereinafter defined) in the name of CEDE & CO., as the nominee (it or any nominee of the existing or a successor Depository, the "Nominee").

(i) With respect to the Bonds neither the City nor the Bond Registrar shall have any responsibility or obligation to any broker, dealer, bank, or any other financial institution for which the Depository holds Bonds as securities depository (the "Participant") or the person for which a Participant holds an interest in the Bonds shown on the books and records of the Participant (the "Beneficial Owner"). Without limiting the immediately preceding sentence, neither the City, nor the Bond Registrar, shall have any such responsibility or obligation with respect to (A) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in the Bonds, or (B) the delivery to any Participant, any Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any notice of redemption, or (C) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the principal of or premium, if any, or interest on the Bonds, or (D) the consent given or other action taken by the Depository as the Registered Holder of any Bonds (the "Holder"). For purposes of securing the vote or consent of any Holder under this Resolution, the City may, however, rely upon an omnibus proxy under which the Depository assigns its consenting or voting rights to certain Participants to whose accounts the Bonds are credited on the record date identified in a listing attached to the omnibus proxy.

(i) The City and the Bond Registrar may treat as and deem the Depository to be the absolute owner of the Bonds for the purpose of payment of the principal of and premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to the Bonds, for the purpose of obtaining any

consent or other action to be taken by Holders for the purpose of registering transfers with respect to such Bonds, and for all purpose whatsoever. The Bond Registrar, as paying agent hereunder, shall pay all principal of and premium, if any, and interest on the Bonds only to the Holder or the Holders of the Bonds as shown on the bond register, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid.

(i) Upon delivery by the Depository to the Bond Registrar of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the existing Nominee, and subject to the transfer provisions in paragraph 10 hereof, references to the Nominee hereunder shall refer to such new Nominee.

(i) So long as any Bond is registered in the name of a Nominee, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, by the Bond Registrar or City, as the case may be, to the Depository as provided in the Letter of Representations to the Depository required by the Depository as a condition to its acting as book-entry Depository for the Bonds (said Letter of Representations, together with any replacement thereof or amendment or substitute thereto, including any standard procedures or policies referenced therein or applicable thereto respecting the procedures and other matters relating to the Depository's role as book-entry Depository for the Bonds, collectively hereinafter referred to as the "Letter of Representations").

(i) All transfers of beneficial ownership interests in each Bond issued in book-entry form shall be limited in principal amount to Authorized Denominations and shall be effected by procedures by the Depository with the Participants for recording and transferring the ownership of beneficial interests in such Bonds.

(i) In connection with any notice or other communication to be provided to the Holders pursuant to this Resolution by the City or Bond Registrar with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action; provided, that the City or the Bond Registrar may establish a special record date for such consent or other action. The City or the Bond Registrar shall, to the extent possible, give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(i) Any successor Bond Registrar in its written acceptance of its duties under this Resolution and any paying agency/bond registrar agreement, shall agree to take any actions necessary from time to time to comply with the requirements of the Letter of Representations.

(i) In the case of a partial prepayment of a Bond, the Holder may, in lieu of surrendering the Bonds for a Bond of a lesser denomination as provided in paragraph 5 hereof, make a notation of the reduction in principal amount on the panel provided on the Bond stating the amount so redeemed.



Termination of Book-Entry Only System. Discontinuance of a particular Depository's services and termination of the book-entry only system may be effected as follows:

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the City and discharging its responsibilities with respect thereto under applicable law. The City may terminate the services of the Depository with respect to the Bond if it determines that the Depository is no longer able to carry out its functions as securities depository or the continuation of the system of book-entry transfers through the Depository is not in the best interests of the City or the Beneficial Owners.

(i) Upon termination of the services of the Depository as provided in the preceding paragraph, and if no substitute securities depository is willing to undertake the functions of the Depository hereunder can be found which, in the opinion of the City, is willing and able to assume such functions upon reasonable or customary terms, or if the City determines that it is in the best interests of the City or the Beneficial Owners of the Bond that the Beneficial Owners be able to obtain certificates for the Bonds, the Bonds shall no longer be registered as being registered in the bond register in the name of the Nominee, but may be registered in whatever name or names the Holder of the Bonds shall designate at that time, in accordance with paragraph 10 hereof. To the extent that the Beneficial Owners are designated as the transferee by the Holders, in accordance with paragraph 10 hereof, the Bonds will be delivered to the Beneficial Owners.

(i) Nothing in this subparagraph (c) shall limit or restrict the provisions of paragraph 10 hereof.

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

Purpose; Cost. The Bonds shall provide funds to pay the Temporary Bonds on December 1, 2012 (the "Refunding"). It is hereby found, determined and declared that the Refunding shall provide moneys for the prompt and full payment of the principal and interest on the Temporary Bonds. The total cost of the Refunding, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of revenues pledged therefor, and all other costs necessarily incurred and to be incurred from the inception to the completion of the Project, is estimated to be at least equal to the amount of the Bond. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under the law for the Project are obtained.

Interest. The Bonds shall bear interest payable semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing June 1, 2013, calculated on the basis of a 360-day year of twelve 30-day months, at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum.

Redemption. All Bonds maturing on December 1, 2014, and thereafter, shall be subject to redemption and prepayment at the option of the City on June 1, 2013, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected registered holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

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

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

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

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
CHIPPEWA AND YELLOW MEDICINE COUNTIES  
CITY OF GRANITE FALLS  
MINNESOTA CREDIT ENHANCEMENT PROGRAM

R-\_\_\_\_\_

\$\_\_\_\_\_

## GENERAL OBLIGATION TEMPORARY WATER REVENUE BOND, SERIES 2012B

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>DATE OF</u> <u>ORIGINAL ISSUE</u>	<u>CUSIP</u>
____%	DECEMBER 1, 2014	NOVEMBER 29, 2012	_____

REGISTERED OWNER: CEDE &amp; CO.

PRINCIPAL AMOUNT:

The City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, unless called for earlier redemption, and to pay interest thereon semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date"), commencing June 1, 2013, at the rate per annum specified above (calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof. The principal of and premium, if any, on this Bond are payable upon presentation and surrender hereof at the principal office of Bond Trust Services Corporation, in Roseville, Minnesota (the "Bond Registrar"), acting as paying agent, or any successor paying agent duly appointed by the Issuer. Interest on this Bond will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to Bondholders not less than ten days prior to the Special Record Date. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America. So long as this Bond is registered in the name of the Depository or its Nominee as provided in the Resolution hereinafter described, and as those terms are defined therein, payment of principal of, premium, if any, and interest on this Bond and notice with respect thereto shall be made as provided in the Letter of Representations, as defined in the Resolution and surrender of this Bond shall not be required for payment of the redemption price upon partial redemption of this Bond. Until termination of the book-entry only system pursuant to the Resolution, Bonds may only be registered in the name of the Depository or its Nominee.

Redemption. All Bonds of this issue (the "Bonds") maturing on December 1, 2014, and thereafter, are subject to redemption and prepayment at the option of the Issuer on June 1, 2013, and on any date thereafter at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. Redemption may be in whole or in part. If redemption is in part, the specific Bonds to be prepaid shall be chosen by lot by the Bond

Registrar. Bonds or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the paying agent and to each affected Holder of the Bonds at least thirty (30) days prior to the date fixed for redemption.

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

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

Issuance; Purpose; General Obligation. This Bond is one of an issue in the total principal amount of \$8,120,000, all of like date of original issue and tenor, except as to number and denomination and redemption privilege, issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, and pursuant to a resolution adopted by the City Council on November 19, 2012 (the "Resolution"), for the purpose of providing money to pay at maturity the bonds issued to temporarily finance various improvements to the municipal water system within the jurisdiction of the Issuer (the "System") in anticipation of a long-term federal loan. This Bond is payable out of the General Obligation Temporary Water Revenue Bonds, Series 2012B Fund of the Issuer, to which fund there have been irrevocably pledged the net revenues to be received with respect to the System and into which fund there are to be paid proceeds of the definitive bond or additional temporary bonds which the Issuer is required by law to issue at or prior to the maturity of this Bond for the purpose of refunding the same if the net revenues of the System theretofore collected, or any other municipal funds which are properly available and are appropriated by the City Council for such purposes, are not sufficient for the full payment thereof. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest



when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

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

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

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

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

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

Qualified Tax-Exempt Obligation. This Bond has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Bond, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Bonds that it will impose and collect charges for the service, use and availability of and connection to the System at the times and in amounts necessary to produce net revenues adequate, together with all other sources, to pay all principal and interest when due on the Bonds; that the Issuer will levy a direct annual,



irrepealable ad valorem tax upon all of the taxable property in the Issuer without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on the Bonds as they respectively become due, if the net revenues irrevocably appropriated and pledged to the Debt Service Account are insufficient therefor; and that this Bond, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Granite Falls, Chippewa and Yellow Medicine Counties, Minnesota, by its City Council has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and its Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

Date of Registration:

Registrable by: BOND TRUST SERVICES  
CORPORATION

BOND REGISTRAR'S  
CERTIFICATE OF  
AUTHENTICATION

Payable at: BOND TRUST SERVICES  
CORPORATION

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

CITY OF GRANITE FALLS,  
CHIPPEWA AND YELLOW MEDICINE COUNTIES,  
MINNESOTA

Bond Trust Services Corporation  
Roseville, Minnesota  
Bond Registrar

/s/ Facsimile

Mayor

By: \_\_\_\_\_  
Authorized Signature

/s/ Facsimile

City Clerk

#### ABBREVIATIONS

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

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

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

UTMA - \_\_\_\_\_ as custodian for \_\_\_\_\_

(Cust)

(Minor)

under the \_\_\_\_\_ Uniform Transfers to Minors Act

(State)

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

ASSIGNMENT

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

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

Signature Guaranteed:

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

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

Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

PREPAYMENT SCHEDULE

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

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

[illegible]

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

Purchaser, the Bond Registrar shall insert as a date of registration the date of original issue, which date is November 29, 2012. The Certificate of Authentication so executed on each Bond shall be conclusive evidence that it has been authenticated and delivered under this resolution.

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

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

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

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

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

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

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

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

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

Interest Payment; Record Date. Interest on any Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond is registered (the "Holder") on the registration books of the City maintained by the Bond Registrar and at the address appearing thereon at the close of business on the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior to the Special Record Date.

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

Delivery; Application of Proceeds. The Bonds when so prepared and executed shall be delivered by the Clerk to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

Fund and Accounts.

All of the proceeds of the Bond shall be deposited in the Debt Service Account of the General Obligation Temporary Water Revenue Bonds, Series 2009A Fund (the "Payment Account"), which amount, together with all other funds held therein and \$\_\_\_\_\_ of the City including any unexpended proceeds of the Temporary Bonds deposited on the date of delivery of the Bond, is sufficient to pay the outstanding Temporary Bonds on December 1, 2012.

The Operation and Maintenance Account heretofore established by the City shall continue to be maintained in the manner heretofore provided by the City. To the Operation and Maintenance Account shall be paid all gross revenues and earnings derived from the operation of the System, including all charges for service, use and availability of and connection to the System, when collected, and all moneys received from the sale of any facilities or equipment of the System or any by-products thereof. From the Operation and Maintenance Account there shall be paid all the normal, reasonable and current costs of operating and maintaining and insuring the System, salaries, wages, costs of materials and supplies, necessary legal, engineering and auditing services, and all other items which, by sound accounting practices, constitute normal, reasonable and current costs of operation and maintenance, but excluding any allowance for depreciation, extraordinary repairs and payments into the Debt Service Account. All moneys



remaining in the Operation and Maintenance Account after paying or providing for the foregoing items shall constitute, and are referred to in this resolution as, "net revenues".

There is hereby created a special fund designated the "General Obligation Temporary Water Revenue Bonds, Series 2012B Fund" (the "Fund"), to be administered and maintained by the Finance Director as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. The Finance Director of the City and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established and maintained in the Fund a separate account to be designated the Debt Service Account. To the Debt Service Account there are hereby irrevocably appropriated and pledged to, and there shall be credited to, the Debt Service Account: (i) net revenues of the System if required to pay any principal of, and interest on, the Bonds; (ii) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System, the proceeds of any definitive bond or additional temporary bonds and other available sums herein pledged to the payment of the Bonds is insufficient therefor; (iii) the proceeds of any definitive bond or additional temporary bonds in an amount, together with other moneys then on hand irrevocably appropriated to said account, as is necessary to pay the principal of and interest on, the Bonds; (iv) all funds remaining in the Payment Account established for the Temporary Bonds after the same have been paid and discharged; (v) all investment earnings on funds held in the Debt Service Account; and (vi) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the City hereafter issued by the City and made payable from said account as provided by law

No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (2) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect, any proceeds of the Bonds and any sums from time to time held in the Construction Account, Operation and Maintenance Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) in excess of amounts which under then-applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

All moneys of the Fund shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. Upon issuance of the Bonds, the Construction Account in said Fund shall be established as a "supervised bank account" if and as required by the Government. Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from the supervised bank account shall be made only on checks signed by the Clerk (or any other person who is lawfully delegated the responsibility of performing such duty) as certified to by the City Council of the City, from time to time and countersigned by the Marshall Director of RD authorized to act on behalf of the Government. Any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in the Construction Account to assure completion of the related Project.

Pledge of Proceeds of Definitive Bond or Additional Temporary Bonds and Net Revenues; Coverage Test; Excess Net Revenues. To provide moneys for the prompt and full payment of principal and interest on the Bonds, the City shall issue and sell the definitive bond or additional temporary bonds for delivery and payment at or prior to the maturity date of the Bonds. The proceeds of the definitive bond or additional temporary bonds, together with estimated net revenues, are hereby found, determined and declared to be sufficient in amount to pay when due one hundred five percent (105%) of the principal of and interest on the Bonds. Excess net revenues may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of net revenues for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues will be sufficient, in addition to all other sources, for the payment of the Bonds and such additional obligations, and any such pledge and appropriation of net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein.

Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holders of the Bonds that it will impose and collect charges for the service, use and availability of and connection to the City's System at the times and in the amounts required to produce net revenues adequate, together with other sources, including the proceeds of the definitive bonds or additional temporary bonds, to pay all principal and interest when due on the Bonds.

Bondholder Covenant. The provisions of this resolution constitute a covenant with the holders of the Bonds issued by the City and the definitive bond or additional term bonds to be issued to refund such Bonds and, with respect to the payment of funds to the Debt Service Account, a pledge of those funds for the benefit of the holders of the Bonds payable therefrom.

State Credit Enhancement Program. The City hereby ratifies and confirms its covenants in the resolution duly adopted on November 5, 2012, obligating itself to notify the Commissioner of Finance of the State of Minnesota of a potential default in payment of the Bonds and to use the provisions of Minnesota Statutes, Section 373.45 to guarantee the payment of principal and interest on the Bonds. The Mayor and Clerk are hereby authorized and directed to enter into an agreement with the paying agent for the Bonds or any department of the State of Minnesota required by the provisions of Minnesota Statutes, Section 373.45.

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

Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Bonds, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

Not later than 60 days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Bonds, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or 5% of the proceeds of the Bonds.

Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Bonds or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Bonds and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

Each such reimbursement allocation will be made in a writing that evidences the City's use of Bond proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Bonds are issued, shall be treated as made on the day the Bonds are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph 21 upon receipt of an opinion of its Bond Counsel for the Bonds stating in effect that such action will not impair the tax-exempt status of the Bonds.

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

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

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

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

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

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



General Obligation Pledge. For the prompt and full payment of the principal and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of the principal and interest on the Bonds, together with other funds irrevocably appropriated to the Debt Service Account established and referred to in paragraph 15 of this resolution, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as the same became due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

Payment of Temporary Bonds and Security. The Temporary Bonds shall be paid on December 1, 2012 and until their retirement all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents.

Certificate of Registration. The Clerk directed to file a certified copy of this resolution with the County Auditor of Chippewa County and Yellow Medicine County, together with such other information as each Auditor shall require, and to obtain a County Auditor's certificate that the Bonds have been entered in each respective County Auditor's Bond Register.

Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the issuance of the Bonds, certified copies of all proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Bonds as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Bonds or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City hereby covenants not to use the proceeds of the Bonds in such a manner as to cause the Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

Conditions Prior to Issuance of Definitive Bond. The City has heretofore secured a contract from the Government for a loan in the amount of \$8,120,000 in anticipation of which the Bonds are issued. It is hereby found, determined and declared that all conditions exist precedent to the anticipation of a definitive bond in an amount equal at least to the principal sum of the loan.



Tax-Exempt Status of the Bonds; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Bonds, including without limitation (i) requirements relating to temporary periods for investments, (ii) limitations on amounts invested at a yield greater than the yield on the Bonds, and (iii) the rebate of excess investment earnings to the United States. The City expects to satisfy the six month expenditure exemption for gross proceeds of the Bonds as provided in Section 1.148-7(c) of the Regulations. The Mayor and/or Finance Director are hereby authorized and directed to make such elections as to arbitrage and rebate matters relating to the Bonds as they deem necessary, appropriate or desirable in connection with the Bonds, and all such elections shall be, and shall be deemed and treated as, elections of the City.

Designation of Qualified Tax-Exempt Obligations. In order to qualify the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

the Bonds are issued after August 7, 1986;

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

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

the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2012 will not exceed \$10,000,000;

not more than \$10,000,000 of obligations issued by the City during this calendar year 2012 have been designated for purposes of Section 265(b)(3) of the Code;

the Bond is issued to refund, and not to "advance refund" within the meaning of Section 149(d)(5) of the Code, obligations, and shall not be taken into account under the \$10,000,000 issuance limit to the extent the amount of the Bond does not exceed the outstanding amount of the refunded obligations; and

though the Temporary Bonds, as bonds previously designated as qualified tax-exempt obligations, may be refunded by bonds treated as, and deemed, designated as qualified tax-exempt obligations without actually being designated if certain conditions are met, the City hereby determines instead to designate the Bond.

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

Payment of Issuance Expenses. The City authorizes the Purchaser to forward the amount of Certificate proceeds allocable to the payment of issuance expenses to KleinBank,

Chaska, Minnesota on the closing date for further distribution as directed by the City's financial advisor, Ehlers.

Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member Nordaune and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Galow, Nordaune, Smiglewski, Schaub, Fagnano and Peterson.

and the following voted against the same: None

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
CITY OF GRANITE FALLS  
COUNTIES OF CHIPPEWA AND YELLOW MEDICINE

I, the undersigned, being the duly qualified and acting Clerk of the City of Granite Falls, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as the minutes relate to authorizing the issuance and awarding the sale of \$8,120,000 General Obligation Temporary Water Revenue Bonds, Series 2012B.

WITNESS my hand on November 19, 2012.

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Clerk

AUDITOR'S CERTIFICATE  
COUNTY OF CHIPPEWA

STATE OF MINNESOTA COUNTY

AS TO REGISTRATION

I, the undersigned, being the duly qualified and acting County Auditor of Chippewa County, Minnesota, DO HEREBY CERTIFY that on the date hereof there was filed in my office a certified copy of a resolution adopted on November 19, 2012 by the City Council of the City of Granite Falls, Minnesota, authorizing the issuance of \$8,120,000 General Obligation Temporary Water Revenue Bonds, Series 2012B (the "Bonds"), together with full information regarding the Bonds; and the Bonds have been entered in my Bond Register.

WITNESS my hand and seal of the County Auditor on \_\_\_\_\_, 2012.

\_\_\_\_\_  
Chippewa County Auditor

(SEAL)

STATE OF MINNESOTA AUDITOR'S CERTIFICATE

AS TO REGISTRATION

COUNTY OF YELLOW MEDICINE

I, the undersigned, being the duly qualified and acting County Auditor of Yellow Medicine County, Minnesota, DO HEREBY CERTIFY that on the date hereof there was filed in my office a certified copy of a resolution adopted on November 19, 2012, by the City Council of the City of Granite Falls, Minnesota, authorizing the issuance of \$8,120,000 General Temporary Water Revenue Obligation Bonds, Series 2012A (the "Bonds"), together with full information regarding the Bonds, and the Bonds have been entered in my Bond Register.

WITNESS my hand and the seal of the County Auditor on \_\_\_\_\_, 2012.

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Yellow Medicine County Auditor

(SEAL)

With second by Nordaune, the resolution was adopted unanimously by those present.

REPORTS: The Airport Commission and EDA Board reports were acknowledged at this time.

EDA: Upon the recommendation of the EDA Board, Nordaune introduced the following resolution and moved its adoption authorizing execution of a Purchase Agreement with the Granite Falls Municipal Hospital & Manor for the purchase of a 47.1 acre parcel of land in the city's Industrial Park for the possible future construction of a nursing home.

RESOLUTION NO. 12-147

RESOLUTION AUTHORIZING EXECUTION OF  
PURCHASE AGREEMENT

WHEREAS, the EDA Board has recommended the city enter into a Purchase Agreement with the Granite Falls Municipal Hospital & Manor for the purchase of a 41.7 acre parcel of land in the Industrial Park for future construction of a nursing home; and

WHEREAS, the agreed price is \$2,000 per acre for a total purchase price of \$83,400 to be paid on or before a date to be determined upon approval and final commitment of Hospital & Manor to construct new facilities at the above location.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, authorizing execution of the Purchase Agreement with the Granite Falls Municipal Hospital and Manor for the purchase of 41.7 acre parcel of land located in Chippewa County, parcel no. 40-037-0210, Lot 2, Block 2, Industrial Park First Addition, at a cost of \$2,000 per acre.

Adopted by the City Council this 19<sup>th</sup> day of November, 2012

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Galow, the resolution was adopted unanimously by those present.

Also upon recommendation of the EDA Board, Nordaune introduced the following resolution and moved its adoption increasing the loan payments received from Cutting Edge Industrial Technology to the amount of \$1,500 per month for a 12-month period beginning December 2012 and resuming the full monthly payments of \$1,955.64 in December of 2013.

RESOLUTION NO. 12-148

RESOLUTION MODIFYING LOAN PAYMENTS -  
CUTTING EDGE INDUSTRIAL TECHNOLOGY

WHEREAS, pursuant to Resolution No. 11-176 council modified the deferment of the loan to Cutting Edge Industrial Technology for 12 months beginning November 15, 2011 with a monthly payment of \$1,000 (\$500 going towards principle and \$500 towards interest) in addition to the current \$500 monthly rent payment.

WHEREAS, the EDA Board is now recommending a modification to the loan payments from Cutting Edge Industrial Technology increasing the monthly payments from \$1,000 to \$1,500 beginning December 1, 2012 and continuing for 12 months; and

WHEREAS, following the 12-month period and beginning December 2013 the full monthly payments of \$1,955.64 will resume.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, modifying the loan payments made by Cutting Edge Industrial Technology in the amount of \$1,500 for a 12-month period of time beginning December 2012 and resuming the full monthly payments of \$1,955.64 in December of 2013.

Adopted by the City Council this 19<sup>th</sup> day of November, 2012.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Schaub, the resolution was adopted unanimously by those present.

REPORTS: The Finance and Fire Department reports were acknowledged at this time.

FIREFIGHTER'S RELIEF ASSOCIATION: Representatives from the Fire Department were in attendance to discuss a request to increase the Firefighter's Relief Association pension



annual benefit. After discussion, Nordaune introduced the following resolution and moved its adoption increasing the annual benefit for the Firefighter's Relief Association from \$1,350 to \$1,500.

RESOLUTION NO. 12-149

RESOLUTION APPROVING ADJUSTMENT TO  
FIREFIGHTERS RELIEF ASSOCIATION PENSION

WHEREAS, pursuant to Resolution No. 07-24 council approved an adjustment to the Firefighters Relief Association annual pension benefit to \$1,350.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA, approving an adjustment to the Firefighters Relief Association annual pension benefit from \$1,350 to \$1,500.

Adopted by the City Council this 19<sup>th</sup> day of December, 2012.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Schaub, the resolution was adopted unanimously by those present.

Upon the request of the Firemen's Relief Association and after receipt of a cost analysis, Galow introduced the following resolution and moved its adoption opting to join the Voluntary Statewide Lump-sum Firefighter Retirement Plan as administered through PERA.

RESOLUTION NO. 12-150

RESOLUTION OPTING TO JOIN THE VOLUNTARY STATEWIDE LUMP-SUM  
FIREFIGHTER RETIREMENT PLAN

WHEREAS, the city is authorized to join the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement plan administered by the Public Employees Retirement Association (PERA); and

WHEREAS, the city and the city's Fire Department Relief Association have jointly consented to and obtained a cost analysis for joining the Voluntary

Statewide Lump-Sum Volunteer Firefighter Retirement Plan from PERA not less than 90 days ago; and

WHEREAS, the city highly values the contributions of city Fire Department members to the safety and wellbeing of our community and wishes to safeguard their pension investments in a prudent manner.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA:

1. the city hereby approves coverage by and requests participation in the Volunteer Statewide Lump-Sum Volunteer Firefighter Retirement Plan administered by PERA under the terms provided in the PERA cost analysis at the \$1,500 benefit level per year of service, and
2. The Mayor and City Manager are hereby authorized to execute all documents necessary to effectuate the intent of this resolution.

The resolution for the adoption of the foregoing was proposed by Councilmember Galow and was duly seconded by Councilmember Nordaune and upon vote being taken thereon, the following voted in favor: Galow, Nordaune, Smiglewski, Schaub, Fagnano and Peterson.

And the following voted against. None

Adopted by the City Council this 19<sup>th</sup> day of November, 2012.

David Smiglewski,  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

With second by Nordaune, the resolution was adopted unanimously by those present.

FIRE HALL: With many members of the Fire Department present they requested council permission to upgrade the interior of the Fire Hall using their own funds. It was the consensus of council for the city to do an asbestos assessment and removal on that part of the building and gave the Fire Department authority to upgrade the Fire Hall as they proposed.

REPORTS: The Hospital Board, Park Board and Police Chiefs reports were acknowledged at this time.

PEDESTRIAN BRIDGE: Council was advised that the Department of Transportation, Bridge Department, may require a load capacity analysis be completed on the pedestrian bridge.

SANITARY LIFT STATION: Staff advised council that a preliminary design meeting was held relative to the sanitary lift station and the secondary pumping station on Thursday, November 15<sup>th</sup>.

WATER TREATMENT PLANT: Council reviewed updates concerning the new Water Treatment Plant and the Meter Replacement Projects.

SNOW REMOVAL: Nordaune introduced the following resolution and moved its adoption to accept the following proposal received from Dean and Don Buesing for snow removal for the 2012/2013 season as follows:

Snowblower (when loading trucks)	\$110 per hour
Trucks	\$ 90 per hour
Snowblower (when used alone)	\$135 per hour

RESOLUTION NO. 12-151

RESOLUTION ACCEPTING QUOTE FOR SNOW REMOVAL

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF GRANITE FALLS, MINNESOTA accepting the quote received from Dean and Don Buesing for snow removal for the 2012-2013 season as follows:

Snowblower (when loading trucks)	\$110 per hour
Trucks	\$ 90 per hour
Snowblower (when used alone)	\$135 per hour

Adopted by the City Council this 19<sup>th</sup> day of November, 2012.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

BOARDS & COMMISSIONS: Council reviewed the list of boards and commissions relative to council appointments that will be done at the December 3<sup>rd</sup> meeting.

CHARITABLE GAMBLING: A gambling license application was acknowledged at this time for the Granite Falls Lions Club to hold a fundraiser on behalf of the Quad County Mat Club. This application was acknowledged with no waiting period.

ADJOURN: M/S/P NORDAUNE/SCHAUB TO ADJOURN at 8:25 p.m.

David Smiglewski  
Mayor

ATTEST:

Joan M. Taylor  
City Clerk

BILLS PAID:

ACS	SOFTWARE SUPPORT	1,650.55
ADOLPH KEIFER	KCC/WATER DUMBBELLS	159.60
ADVOCATE-TRIBUNE	STATEMENT OF NET ASSETS	2,841.89
AFFILIATED MED CENTER	TRANSIT	98.35
ALPHA WIRELESS	3 NEW PAGERS GRANT	1,559.55
AMERICAN RED CROSS	TRAINING SUPPLIES	313.96
AMERICAN WELDING SUPPLIES	SHOP WELDING SUPPLIES	34.04
ARROWWOOD RESORT	COLLECTION FEES	11.67
ARTIC GLACIER INC	ICE	140.06
ASSURANT EMPLOYEE BENEFITS	LONG TERM DIS INS	241.69
AUS CARPET CLEANING SERVICE	KCC FITNESS ROOM FLOORIN	6,618.61
AUS FLOORS & MORE	#28 CARPET	240.00
AUS/JOHN	OCTOBER CARETAKER FEE	575.00
AUS/NANCY	KENNEL FEES	433.00
AUTO OWNERS INSURANCE	SHOP FLOOD INSURANCE	1,788.00
BAKER BROS. CONSTRUCTION INC.	IMPRV WWTP	47,822.81
BARR ENGINEERING CO.	DAM SAFETY PROGRAM	758.50
BEVERAGE WHOLESALERS INC	BEER	141.50
BOLTON & MENK, INC	RUNWAY	5,535.00
BORDER STATES ELECTRIC SUPPLY	REPLACE WIRE/INV	5,286.58
BSN SPORTS	RACQUETBALL SUPPLIES	107.90
CARL'S BAKERY	ELECTION ROLLS	34.35
CENTRAL MN MUNICIPAL POWER	PURCHASE POWER	123,808.89
CENTURYLINK	CITYHALL	1,638.41
CITIZENS ALLIANCE BANK	INT PHASE I	5,352.85
COOKE CO./J.P.	DOG/CAT 2013	58.75
COUNTRYSIDE PUBLIC HEALTH	KCC FOOD/BEV/LICENSE	840.00
DAKOTA SUPPLY GROUP	REPLACE STOLEN WIRE	16,145.03
DANA F. COLE & CO LLP	ADMIN FEE	115.97
DEPARTMENT OF ENERGY	PURCHASE POWER	14,565.78
DUININCK BROS., INC.	BOOTLEGGERS ROAD	4,300.00
FARMERS COOP OIL CO OF ECHO	FUEL	2,292.88
FARMERS UNION OIL CO.	DIESEL	2,575.17
G & K SERVICES	KCC RUGS/TOWELS	99.08
GILLUND ENTERPRISES	SHOP SUPPLIES	163.16
GLACIAL RIDGE WINERY	WINE	343.50
GOPHER STATE ONE-CALL	LOCATES	68.25
GRANITE FALLS AUTO PARTS	BUS BRAKE PADS	473.21
GRANITE FALLS BANK	INT PHASE III	4,071.73
GRANITE TRUE VALUE	MISC REPAIRS	146.68
GRAYMONT CAPITAL INC	WWTP CHEMICALS	1,609.66
GREAT PLAINS GAS CO.	KCC	3,771.06
HACH COMPANY	WWTP SUPPLIES	55.95
HOERNEMANN/PAUL	CABLE SERVICE	255.00
HOLMSTROM & KVAM	SOINE	210.00

JOHNSON BROS WHOLESALE LIQUOR	LIQUOR	4,909.61
KKRC-FM	WATER ADS	595.00
KORTHUIS JEWELRY & GIFTS	BOB LADNER ENGRAVING	23.51
KRANITZ/FRANK	WORK @ SENIOR CITZ	325.00
LA CONSTRUCTION & DESIGN INC	REPLACE DOOR MARR BLDG	2,175.00
LALIM/JODI	BLDG MAINT	342.50
LEBLANC/JEREMY	FIRE CHIEFS CONV EXPS	759.93
LEN WORSECH & CO INC	PORTA POTTYS	295.02
LIGHT FUND	UTILITIES	16.60
LINCOLN PIPESTONE RURAL WATER	CONNECT RURAL WATER AIRP	15,000.00
LOCHER BROTHERS	BEER	11,785.40
MACQUEEN EQUIPMENT INC.	BOOT DUMP CONTROLS	55.38
MADISON BOTTLING CO.	BEER	9,109.20
MARCO	COPIER COUNT/KONICA	127.07
MARTIN TRUCKING	FREIGHT	430.40
MEDIACOM	FIRE DEPT INTERNET	55.29
MEYER'S REPAIR & TOWING INC	#27 REPAIRS	42.50
MN VALLEY COOPERATIVE	PUMPHOUSE	1,499.85
MN VALLEY TESTING LAB, INC.	WWTP TESTING	278.00
NELSON OYEN TORVIK	PROFESSIONAL SERVICES	373.00
NORTH CENTRAL LABORATORIES	WWTP	40.82
NORTH CENTRAL TRUCK EQUIP	BUS REPAIR	10.93
OFFICE PEEPS	2013 CALENDARS	93.99
PHILLIPS WINE & SPIRITS CO.	LIQUOR	3,042.98
PIONEERLAND LIBRARY SYSTEM	LIBRARY	19,451.50
PRAXAIR INC	CO2	543.78
PRENTICE PLACE COMMONS ASSN	MONTHLY ASSN DUES	154.58
PROACTION SAFETY & SALES	REIGSTAD UNIFORMS	194.96
RAMIREZ/DOUG	FIRE CHIEFS CONV EXPS	595.01
RYER PLUMBING & HEATING	HEAT @ SHOP	50.00
SAND/KRIS	SENIOR CITZ CLEANING	200.00
SAWMILL/THE	SUPPLIES	132.15
SCHWAN'S SALES ENT.	ICE CREAM RESALE/KCC	39.22
SHRED-IT SIOUX FALLS	SHREDDING SERVICES	33.90
SMIGLEWSKI/DAVID	CGMC CONF EXPS	207.00
SNORTUM'S LANDSCAPE & DESIGN	BLOW OUT SYSTEM	92.00
SOUTHERN WINE & SPIRITS OF MN	LIQUOR	403.44
SOUTHWEST WHOLESALE CO	KCC COFFEE	53.75
SPRING CITY ELECTRICAL MFG CO	STREET LIGHTS	8,991.00
THEIN WELL CO., INC.	ANNUAL PUMP INSPECTIONS	275.00
TIMM/DEREK	HEDGE TRIMMING	614.53
TROY'S ELECTRIC COMPANY	FRIDGE REPAIR	60.00
USA BLUEBOOK	WWTP COUPLING	44.33
VANHOOF/DENNIS	MILEAGE APPLETON 2X	88.80
VERIZON WIRELESS	SQUAD INTERNET	104.12
VIKING COCA-COLA BOTTLING CO.	SODA	133.00
VISA	LOADER REPAIRS	1,089.79
WALLER/JENNIFER	ENERGY STAR REBATE	25.00
WBM WINE & SPIRITS	LIQUOR	3,312.73
WEST CENTRAL SANITATION	PARK	687.55
XCEL ENERGY	FACILITY CHARGE	1,219.29
XEROX CORPORATION	KCC COPIER CHARGE	52.12
YELLOW MEDICINE CO. AUDITOR	NEW PHONE SYSTEM/POLICE	1,897.03
YELLOW MEDICINE EAST	TENNIS COURT REPAIRS	646.20
YMC ATTORNEY	EVALUATION FOR CITY	42.50
101 DEVELOPMENT RESOURCES INC	2ND QTR SERVICES	7,095.23

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Final Totals... 359,270.11