

**CITY OF ELKO NEW MARKET
CITY COUNCIL AGENDA
ELKO NEW MARKET CITY HALL
601 MAIN STREET
ELKO NEW MARKET, MINNESOTA 55054
THURSDAY, MAY 14, 2020**

**BUSINESS MEETING
6:00 PM**

The City Administrator has determined it is not practical or prudent to conduct an in-person City Council meeting due to the local state of emergency and social distancing guidelines. Accordingly, City Council will participate in this meeting via an electronic meeting and the City Council meeting will be conducted under Minnesota Statutes section 13D.021 at the date and time stated above. To the extent practical, members of the public may attend the meeting by utilizing this link:

<https://us02web.zoom.us/j/85724865433>

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Adopt/Approve Agenda**
- 4. Presentations, Proclamations and Acknowledgements (PP&A)**
- 5. Public Comment**

Individuals may address the Council about any item not contained on the regular agenda. The Council may limit the time allotted to each individual speaker. A maximum of 15 minutes will be allotted for Public Comment. If the full 15 minutes are not needed for Public Comment, the City Council will continue with the agenda. The City Council will not normally take any official action on items discussed during Public Comment, with the exception of referral to staff or commission for future report.

6. Consent Agenda

All matters listed under consent agenda are considered routine by the City Council and will be acted on by one motion in the order listed below. There may be an explanation, but no separate discussion on these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

- a. Approve April 23, 2020 Minutes of the City Council Meeting
- b. Approve Payment of Claims and Electronic Transfer of Funds
- c. Adopt Resolution 20-28 Amending the Development Contract for Pete's Hill, and Amending Resolution 19-51 Granting Approval of Pete's Hill Plat, Approving Development Contract and Adopting Special Assessments for Development Costs
- d. Adopt Resolution 20-29 Amending the Development Contract for Christmas Pines, and Amending Resolution 19-20 Granting Approval of Christmas Pines Plat, Approving Development Contract and Adopting Special Assessments for Development Costs
- e. Adopt Resolution 20-31 Amending Resolution 18-03 Concerning Appointment of Planning Commissioners and Parks & Recreation Commissioner
- f. Adopt Resolution 20-32 Appointing Members to the Parks & Recreation Commissioners
- g. Approve Grading Permit - RF Properties

- h. Approve Affidavit of Thomas Terry Regarding Paul Street
- i. Adopt Ordinance No. 212 Amending Title 5 Chapter 5 of the City Code Concerning Noise Control
- j. Ordinance Amendments Concerning Nuisance Abatement and Code Enforcement
 - i. Adopt Ordinance No. 213 Amending City of Elko New Market City Code Title 6, Chapter 5 Concerning Public Nuisances
 - ii. Adopt Summary Ordinance No. 214
 - iii. Adopt Ordinance No. 215 Amending City of Elko New Market City Code Title 11, Chapter 3 Concerning Enforcement of Zoning Regulations
 - iv. Adopt Summary Ordinance No. 216

7. Public Hearings

8. General Business

- a. Authorize Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of General Obligation Bonds, Series 2020A
 - i. Resolution 20-33 Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of General Obligation Bonds, Series 2020A

9. Reports

- a. Administration
- b. Public Works
 - i. Monthly Report - April 2020
- c. Police Department
 - i. Monthly Report – April 2020
- d. Fire Department
- e. Engineering
- f. Community Development
 - i. Draft Planning Commission Minutes of the April 28, 2020 Meeting
- g. Parks Department
 - i. Monthly Parks & Recreation Update – April 2020
- h. Community & Civic Events Committee (CCEC)
- i. Other Committee and Board Reports
 - i. Scott County Association for Leadership and Efficiency (SCALE)
 - Executive Committee
 - Service Delivery Committee
 - Unified Transit Plan Steering Committee
 - ii. Minnesota Valley Transit Authority (MVTA)
 - iii. I35 Solutions Alliance
- iv. Chamber of Commerce

10. Discussion by Council

11. Adjournment

The City Council participated in this meeting via an electronic meeting and the City Council meeting was conducted under Minnesota Statutes section 13D.021.

1) CALL TO ORDER

The meeting was called to order by Mayor Julius at 6:00 p.m.

Members Present: Mayor Julius, Councilmembers: Timmerman, Berg, Seepersaud and Novak

Members Absent: None

Also Present: City Administrator Terry, Police Chief Juell, City Attorney Poehler, Community Development Specialist Christianson, Assistant City Administrator Nagel, City Planner Sevensing, Deputy Clerk Jirak and City Engineer Revering

2) PLEDGE OF ALLEGIANCE

Mayor Julius led the Council and audience in the Pledge of Allegiance.

3) ADOPT/APPROVE AGENDA

MOTION by Councilmember Timmerman, second by Councilmember Seepersaud to approve the agenda.

APIF, MOTION CARRIED

4) PRESENTATION, PROCLAMATIONS AND ACKNOWLEDGEMENTS (PP&A)

5) PUBLIC COMMENT

Scott County Commissioner Tom Wolf updated Council on Scott County events to include:

- Updated County Road 2 Utilities progress with CDA.
- Noted that Property Taxes may be delayed until July 15.
- Advised that intersections of County Roads 91 and 21 will be seeing a new stoplight.
- Noted that construction on County Road 2 and 91 should be starting up in early May.

Josh Malwitz, President of Chamber of Commerce, gave the Council an update on Chamber events and how the Chamber has been providing assistance to local businesses during the COVID-19 pandemic.

6) CONSENT AGENDA

MOTION by Councilmember Berg, second by Councilmember Timmerman to approve Consent Agenda.

- a) Approve April 3, 2020 Minutes of the Special City Council Meeting
- b) Approve April 9, 2020 Minutes of the City Council Meeting
- c) Approve Payment of Claims and Electronic Transfer of Funds
- d) Approve Revised Recreational Specialist Job Description
- e) Authorize Participation in Cooperative Purchasing Connection

APIF, MOTION CARRIED

7) PUBLIC HEARINGS

None.

8) GENERAL BUSINESS

None.

9) REPORTS

- a) Administration

COVID-19 Update

- City Hall

Administrator/Clerk Terry gave a brief update on city operations, including City Hall services, remote staffing and impact on service levels.

- Parks

Assistant City Administrator Nagel gave a brief update on Parks, noting that playgrounds were still closed, trails were being used, disc golf was open and all park shelter reservations have been cancelled through May 15.

- Community Events – Fire Rescue Days

A discussion between primary event organizers on whether Fire Rescue Days will still take place in June will be held the first week of May.

- Public Safety

Police Chief Juell gave a brief update on public safety operations.

- Public Works

Normal operations have continued with the exception of in home utility readings.

- b) Public Works

None.

- c) Police Department

None.

- d) Fire Department

None.

- e) Engineering
None.
- f) Community Development
City Wide Code Enforcement
Community Development Specialist Christianson gave the Council a brief overview and history of code enforcement for Elko New Market. Council discussion directed Staff to move forward with conducting a proactive City wide code enforcement sweep this season.
- g) Parks Department
Written Parks and Recreation Minutes included in Council Packet.
Assistant City Administrator Nagel updated Council on an early start on Capital Improvement Projects, building new ball diamond at Rowena Pond Park and using the old ball diamond for a hockey rink, drain tile work, adding new playground equipment at old City Hall Park and grant agreements.
- h) Community & Civic Events Committee (CCEC)
None.
- i) Other Committee and Board Reports
Scott County Association for Leadership and Efficiency (SCALE)
Mayor Julius stated the next SCALE meeting will be held May 8th. The new chair will be Mayor Julius.

Executive Committee

None.

Service Delivery Committee

None.

Unified Transit Plan Steering Committee

None.

Minnesota Valley Transit Authority (MVTA)

Next meeting will be a virtual meeting on Wednesday, April 29, 2020.

I35 Solutions Alliance

None.

Chamber of Commerce

None.

10) DISCUSSION BY COUNCIL

None.

11) ADJOURNMENT

MOTION by Councilmember Berg, second by Councilmember Novak to adjourn the meeting at 6:58 p.m.

Respectfully submitted by

Lynda Jirak, Deputy Clerk



STAFF MEMORANDUM

SUBJECT:	Presentation of Elko New Market Claims and Electronic Transfer of Funds
MEETING DATE:	May 14, 2020
PREPARED BY:	Stephanie Fredrickson, Administrative Assistant
REQUESTED ACTION:	Approve Payment of Current Claims

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Each City Council meeting the Administrative Assistant presents for approval the Elko New Market Claims and Electronic Transfer of Funds.

A detail listing of work performed is being provided below for invoices by Consultants of City of Elko New Market. The invoices below are included for payment on the attached Check Summary Register.

Bolton & Menk, Inc.	<u>Amount</u>
• Wastewater General:	\$2,272.11
• Stormwater General	\$5,889.68
• Water General	\$178.46
• Woodcrest Sanitary Sewer	\$1,581.60
• Christmas Pines	\$309.00
• Pete’s Hill	\$4,700.50
• Ridgeview Estates	\$3,817.00
• 2019 Pavement Rehab	\$184.80
• Adelman Properties	\$732.00
• Webster Wetland	\$3,503.80
• <u>Park I-35 Utility Extensions</u>	<u>\$675.38</u>
Total	\$23,844.33

In addition, please find attached pay request #1 for Laketown Electric in the amount of \$5,000.00 for the Lift Station Standby Generation project.

BUDGET IMPACT:

Budgeted

Attachments:

- Pay Request #1 – Laketown Electric
- Check Summary Register



**BOLTON
& MENK**

Real People. Real Solutions.

12224 Nicollet Avenue
Burnsville, MN 55337-1649

Ph: (952) 890-0509
Fax: (952) 890-8065
Bolton-Menk.com

MEMORANDUM

Date: May 14, 2020
To: Mayor Julius and the Elko New Market City Council
Tom Terry, City Administrator
From: Rich Revering, PE – City Engineer
Subject: Pay Estimate No. 1
Lift Station Standby Generator Project
Elko New Market
Project No.: T21.118765

BACKGROUND

The City Council is being asked to approve the attached payment request to Laketown Electric in the amount of \$5,000.

DISCUSSION

This application covers all mobilization costs and permit fees. Mobilization includes administration costs, drawings, and preparing tools and equipment for the project.

All electrical equipment and generator shop drawings and submittals have been received, reviewed, and approved.

RECOMMENDATION

Approve the attached pay request.

LAKETOWN ELECTRIC CORP. - MANKATO
 8470 STATE HWY 5
 WACONIA MN 55387
 Phone: 952-442-2740 Fax: 507-388-4985
 amberd@laketownelectric.com

INVOICE

INVOICE	33966	PAGE	1
DATE	04/16/2020		
REFERENCE			
TELEPHONE			
JOB NUMBER	M21572		
FORMAT	**		
ACCT	100403		
SNAME	CITY		
SOLD BY	DAN K		
AUTHORIZED BY			

CUSTOMER
CITY OF NEW MARKET PO BOX 99 601 MAIN ST. ELKO NEW MARKET MN 55020

JOB LOCATION
 601 MAIN ST.
 ELKO NEW MARKET MN 55020

JOB DESCRIPTION
 NEW MARKET GENERATOR PROJECT

APRIL PROGRESS BILLING	5,000.00

TOTAL \$	5,000.00
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LAKETOWN ELECTRIC CORP. - MANKATO
 8470 STATE HWY 5
 WACONIA MN 55387
 Phone: 952-442-2740 Fax: 507-388-4985
 amberd@laketownelectric.com

CUSTOMER	CITY OF NEW MARKET	INVOICE	33966
ACCT	100403	JOBNUM	M21572
DATE	04/16/2020	AMOUNT DUE	5,000.00
STATUS	PRNT		
PAYMENT			

TERMS NET 30 DAYS LATE FEE IS 18% ANNUALLY

CITY OF ELKO/NEW MARKET

*Check Summary Register©

May 14, 2020

Name	Check Date	Check Amt	
AUTOPAYS			
Paid Chk# 006698E	HEALTH EQUITY, INC.	4/16/2020	\$1,105.03 HSA PR 8
Paid Chk# 006699E	VANTAGEPOINT TRANSFER	4/16/2020	\$225.00 ICMA Roth PR8
Paid Chk# 006700E	VANTAGEPOINT TRANSFER	4/16/2020	\$565.00 ICMA Pre- tax PR8
Paid Chk# 006701E	MN DEPT OF REVENUE	4/19/2020	\$83.00 Q1SalesTax20
Paid Chk# 006702E	MN VALLEY ELECTRIC	4/22/2020	\$234.00 268X Xerxes Water Tower, Elko
Paid Chk# 006703E	MINNESOTA ENERGY	5/13/2020	\$134.87 26518 France Avenue
Paid Chk# 006704E	MINNESOTA ENERGY	5/13/2020	\$27.79 26518 France Avenue
Paid Chk# 006705E	XCEL ENERGY	5/21/2020	\$235.11 Storage
Paid Chk# 006706E	XCEL ENERGY	5/22/2020	\$174.82 Lift Station / 10010 Ptarmigan
Paid Chk# 006707E	XCEL ENERGY	5/27/2020	\$2,971.83 25499 Natchez Ave - Water Trea
Paid Chk# 006708E	XCEL ENERGY	5/22/2020	\$839.58 Wellhouse - 26460 France Ave
Paid Chk# 006709E	XCEL ENERGY	5/21/2020	\$98.58 26536 France Ave
Paid Chk# 006710E	MN VALLEY ELECTRIC	5/9/2020	\$10.74 City of Elko Park, Elko
Paid Chk# 006711E	XCEL ENERGY	5/21/2020	\$366.68 Library - 100 J Roberts Way
Paid Chk# 006712E	MN VALLEY ELECTRIC	5/22/2020	\$1,439.83 Streetlights, Elko
Paid Chk# 006713E	MN VALLEY ELECTRIC	5/9/2020	\$82.73 Glenborough Dr & Chowen
Paid Chk# 006714E	MN VALLEY ELECTRIC	5/22/2020	\$34.63 27059 Beard Ave Lift Pump
Paid Chk# 006715E	MINNESOTA ENERGY	5/18/2020	\$20.08 408 Carter Street
Paid Chk# 006716E	MINNESOTA ENERGY	5/15/2020	\$19.33 359 James Parkway
Paid Chk# 006717E	MINNESOTA ENERGY	5/15/2020	\$139.60 110 J Roberts Way - Library
Paid Chk# 006718E	MINNESOTA ENERGY	5/26/2020	\$22.62 26518 France Avenue
Paid Chk# 006719E	MINNESOTA ENERGY	5/13/2020	\$308.01 PW Facility - Gas Utilities
Paid Chk# 006720E	MINNESOTA ENERGY	5/12/2020	\$824.01 25499 Natchez Ave - WTP
Paid Chk# 006721E	MINNESOTA ENERGY	5/19/2020	\$636.27 50 Church Street
Paid Chk# 006722E	PSN	5/4/2020	\$1,228.74 Credit Card Processing Fees
Paid Chk# 006723E	PERA	5/8/2020	\$9,366.91 Payroll Liability
Paid Chk# 006724E	MN DEPT OF REVENUE	5/8/2020	\$2,203.99 Payroll Liability
Paid Chk# 006725E	INTERNAL REVENUE	5/8/2020	\$11,105.14 Payroll Liability
Paid Chk# 006726E	DELTA DENTAL OF	5/8/2020	\$1,257.30 Delta Dental
Paid Chk# 006727E	HEALTH PARTNERS	5/8/2020	\$20,078.33 MEDICAL INS
Paid Chk# 006728E	SUN LIFE FINANCIAL	5/8/2020	\$1,544.67 SunLife Insurance
Paid Chk# 006729E	HEALTH EQUITY, INC.	5/8/2020	\$1,205.03 HSA- Steve Hotaling
Paid Chk# 006730E	HEALTH EQUITY, INC.	5/8/2020	\$41.30 HSA Monthly Fees
Paid Chk# 006731E	VANTAGEPOINT TRANSFER	5/8/2020	\$245.00 ICMA- Steve Hotaling
Paid Chk# 006732E	VANTAGEPOINT TRANSFER	5/8/2020	\$565.00 ICMA- Kellie Stewart
TOTAL			\$59,440.55

PRE-PAIDS

Paid Chk# 040936	ANCHOR SOLAR	4/22/2020	\$586.60 PW 31.82(17) Solar Panel Lease
Paid Chk# 040938	PAYROLL	4/30/2020	\$69.26
Paid Chk# 040939	PAYROLL	4/30/2020	\$429.25
Paid Chk# 040940	PAYROLL	4/30/2020	\$46.17
Paid Chk# 040941	PAYROLL	4/30/2020	\$69.26
Paid Chk# 040942	PAYROLL	4/30/2020	\$0.00
TOTAL			\$1,200.54

CHECK REGISTER

Paid Chk# 040943	ACE HARDWARE & PAINT	5/14/2020	\$11.70 PW - Operating Supplies
Paid Chk# 040944	ANCOM COMMUNICATIONS,	5/14/2020	\$627.00 FD - Pagere
Paid Chk# 040945	APPLE FORD LINCOLN	5/14/2020	\$233.74 PD - Fleet
Paid Chk# 040946	BERGAN KDV	5/14/2020	\$950.00 Yearly Audit
Paid Chk# 040947	BOLTON & MENK	5/14/2020	\$23,844.33 T15.100718 - Water System Gene
Paid Chk# 040948	BRAUN INTERTEC	5/14/2020	\$3,995.00 Soil Borings - PD Addition
Paid Chk# 040949	BTR OF MINNESOTA LLC	5/14/2020	\$2,190.04 FD - Fleet
Paid Chk# 040950	CANON FINANCIAL	5/14/2020	\$34.40 PD Copier - Rental Agmt
Paid Chk# 040951	CINTAS CORPORATION NO.	5/14/2020	\$34.30 PW UNIFORMS
Paid Chk# 040952	CORE & MAIN LP	5/14/2020	\$597.89 2020 Woodcrest Trail Project
Paid Chk# 040953	CULLIGAN BOTTLED WATER	5/14/2020	\$62.90 Bottled Water
Paid Chk# 040954	DEPARTMENT OF FINANCE	5/14/2020	\$50.00 10% Proceeds Forfeiture - 2014
Paid Chk# 040955	ECOLAB	5/14/2020	\$62.10 Pest Control
Paid Chk# 040956	ENTITLE	5/14/2020	\$73.37 Utility Billing Credit Refund
Paid Chk# 040957	FARMERS MILL &	5/14/2020	\$782.68 Parks Chemicals
Paid Chk# 040958	FORFEITURE ATTORNEY	5/14/2020	\$250.00 30% Proceeds Forfeiture - 2016
Paid Chk# 040959	HAWKINS, INC.	5/14/2020	\$30.00 PW - Water Chemicals

CITY OF ELKO/NEW MARKET

***Check Summary Register©**

May 14, 2020

	Name	Check Date	Check Amt	
Paid Chk# 040960	IDENTISYS	5/14/2020	\$157.30	City Council ID Badges
Paid Chk# 040961	INNOVATIVE OFFICE	5/14/2020	\$440.58	Office Supplies
Paid Chk# 040962	IUOE LOCAL #49	5/14/2020	\$175.00	Membership Dues - Jason Thomps
Paid Chk# 040963	KELLEY FUELS, INC.	5/14/2020	\$970.71	FD - Fuel
Paid Chk# 040964	LAKETOWN ELECTRIC	5/14/2020	\$5,000.00	Pay Req #1 - Lift Station Stan
Paid Chk# 040965	LEO A DALY	5/14/2020	\$12,376.01	PD Addition Architect Fees - 8
Paid Chk# 040966	MAMA-METRO AREA MGMT	5/14/2020	\$25.00	2-27-20 Luncheon - Tom
Paid Chk# 040967	MANDERS DIESEL	5/14/2020	\$28.00	PW - Fleet Maint & Equip
Paid Chk# 040968	MN CRITTER GETTERS, INC.	5/14/2020	\$1,200.00	Monthly Animal Control
Paid Chk# 040969	MOTOROLA SOLUTIONS,	5/14/2020	\$50,915.01	PD - New Radio System
Paid Chk# 040970	MVTL LABORATORIES	5/14/2020	\$95.00	PW - Water Testing
Paid Chk# 040971	NAPA AUTO PARTS	5/14/2020	\$284.89	PW - Small Tools
Paid Chk# 040972	NOVACARE	5/14/2020	\$120.00	Pre-Employ Testing - Brentan C
Paid Chk# 040973	POMPS TIRE SERVICE, INC.	5/14/2020	\$417.00	PW - Fleet Maint & Repairs
Paid Chk# 040974	QUILL CORPORATION	5/14/2020	\$123.96	Operating Supplies
Paid Chk# 040975	RIGID HITCH	5/14/2020	\$71.34	PW - Fleet Maint & Equip
Paid Chk# 040976	RYDIN	5/14/2020	\$230.00	Special Use Vehicle Permit Sti
Paid Chk# 040977	SCHOENBAUER, JASON	5/14/2020	\$225.00	PW Uniforms - Boot Reimburseme
Paid Chk# 040978	SCOTT COUNTY TREASURER	5/14/2020	\$33,700.00	Tax - Special Assessment 2020
Paid Chk# 040979	SCOTT COUNTY	5/14/2020	\$230.00	Fence Recording - F06-20 Fence
Paid Chk# 040980	SHRED RIGHT	5/14/2020	\$15.00	Shredding
Paid Chk# 040981	SITEONE LANDSCAPE	5/14/2020	\$23.90	PW - Streets
Paid Chk# 040982	SORENSEN CONSULTING	5/14/2020	\$175.00	Coaching Session - Steph
Paid Chk# 040983	STREICHER'S INC	5/14/2020	\$1,328.96	PD - Bulletproof Vest/Equip
Paid Chk# 040984	SUTTON, MIKE	5/14/2020	\$52.00	Hat & Glove Sets - Easter Item
Paid Chk# 040985	TRADEMARK TITLE	5/14/2020	\$119.08	Utility Billing Credit Refund
Paid Chk# 040986	SPLIT ROCK MANAGEMENT	5/14/2020	\$550.00	CITY HALL
Paid Chk# 040987	VERIZON WIRELESS	5/14/2020	\$899.40	Cell Phones
Paid Chk# 040988	VESSCO, INC.	5/14/2020	\$67.27	PW - Water Repairs
Paid Chk# 040989	WERNER IMPLEMENT CO.,	5/14/2020	\$145.86	PW - Fleet Main & Equip
Paid Chk# 040990	WINSUPPLY	5/14/2020	\$40.00	Signs
Paid Chk# 040991	WONG, JAMIE & CRYSTAL	5/14/2020	\$139.61	Utility Billing Credit Refund
Paid Chk# 040992	XEROX CORPORATION	5/14/2020	\$396.33	Copier
Paid Chk# 040993	ZIEGLER INC.	5/14/2020	\$440.64	PW - Fleet Maint & Equip
TOTAL			\$145,007.30	

DIRECT DEPOSIT

Paid Chk# 503237E	Bi-Weekly ACH	4/30/2020	\$37,449.43	
TOTAL			\$37,449.43	



STAFF MEMORANDUM

SUBJECT:	Amend Development Contract and Adopt Special Assessments for Pete's Hill
MEETING DATE:	May 14, 2020
PREPARED BY:	Renee Christianson, Community Development Specialist
REQUESTED ACTION:	Adopt Resolution 20-28 Amending the Development Contract for Pete's Hill, and Amending Resolution 19-51 Granting Approval of Pete's Hill Plat, Approving Development Contract and Adopting Special Assessments for Development Costs

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

In 2019 the City Council adopted Resolution 19-51 approving the plat and development contract for Pete's Hill. The development contract and resolution allowed for the development fees, which are typically paid in full at the time of final plat approval, to be assessed against each lot.

There was some conflicting language between the development contract and the resolution adopting the assessments in regards to the timing of the assessments. Staff and the developer have worked out an agreement to amend the repayment schedule for the assessments in a manner acceptable to both the developer and staff. In consideration of the potential impacts of COVID-19, the term of repayment has been extended one year and the interest rate reduced.

The initial development fees totaled \$393,007.05 and were assessed equally to the 45 lots within the development. Due and payable with the payable 2020 taxes, a total of \$127,149.75 was billed and the developer has agreed to pay this amount. Staff and the developer have worked out an agreement to amend the repayment schedule for the remaining \$265,857.30. Based on the recommended agreement, the remaining assessment balance of \$265,857.30 would be due and payable upon the sale of each lot, or with the payable 2023 property taxes. Beginning January 1, 2021 the interest rate would also be reduced to 1% from 3%.

FINANCIAL IMPACT

City staff has used the terms of the proposed amendment, and run the utility fund revenue projections through the City's financial model. Staff is comfortable with the terms of the amendment described above.

CITY ATTORNEY RECOMMENDATION

The City Attorney has reviewed the matter and has prepared the attached Amendment to Development Contract and Draft Resolution 20-28. The developer has signed the draft amendment to the development contract.

REQUETED ACTION

The City Council is being asked to approve Resolution 20-28 Approving an Amendment to the Development Contract for Pete's Hill and an Amendment of Resolution 19-51 Granting Approval of the Preliminary and Final Plat for Pete's Hill, Approval of Development Contract Adopting Special Assessments for Development Costs.

Attachments:

Draft Resolution 20-28

First Amendment to Development Contract for Pete's Hill (signed)

Resolution 19-51

(Executed) Development Contract for Pete's Hill

Assessment Roll Information

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 20-28

**APPROVING AN AMENDMENT OF THE DEVELOPMENT CONTRACT FOR PETE’S HILL
AND AN AMENDMENT OF RESOLUTION NO. 19-51 GRANTING APPROVAL OF THE FINAL
PLAT FOR PETE’S HILL, APPROVAL OF DEVELOPMENT CONTRACT
ADOPTING SPECIAL ASSESSMENTS FOR DEVELOPMENT COSTS**

WHEREAS, the City and Elko 34, LLC (“Developer”) previously entered into a Development Contract dated August 22, 2019 and filed of record on September 27, 2019 with the Scott County Recorder as Document No. A1075533 concerning the plat of *Pete’s Hill* (“Development Contract”)

WHEREAS, the City Council approved Resolution No 19-51 granting approval of the final plat and Development Contract for Pete’s Hill and approving and adopting special assessments for development costs;

WHEREAS, Developer and the City desire to amend the terms of the Development Contract concerning the assessments for development costs as provided in the First Amendment to Development Contract (“First Amendment”) attached hereto as Exhibit A;

WHEREAS, the City desires to amend the resolution concerning the adoption of special assessments for development costs as provided in this amended resolution to be consistent with the (“First Amendment”);

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The City approves the First Amendment as attached in Exhibit A.

2. Paragraph 4 of Resolution No. 19-51 is hereby amended to read as follows:

4. Assessments shall be assessed against the lots (not outlots) in the plat with interest calculated at three percent (3%) per annum from the date of adoption of Resolution 19-51 through December 31, 2020 and one percent (1%) per annum thereafter until the assessments are paid in full. One third of the assessments shall be payable with taxes in 2020. The unpaid balance of assessments for each lot shall be paid upon the earlier of the following: (1) upon the sale of each lot; or (2) with taxes payable in 2023.

3. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

PASSED, ADOPTED AND APPROVED this 14th day of May, 2020.

CITY OF ELKO NEW MARKET

Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/City Clerk

EXHIBIT A

[attached First Amendment]

(reserved for recording information)

**FIRST AMENDMENT
TO
DEVELOPMENT CONTRACT**

PETE'S HILL

THIS FIRST AMENDMENT TO DEVELOPMENT CONTRACT (“Amendment”) is made this ___ day of _____, 2020, by and between the **CITY OF ELKO NEW MARKET**, a Minnesota municipal corporation (“City”), and **ELKO 34, LLC**, a Minnesota limited liability company (the “Developer”).

RECITALS

A. The City and Developer previously entered into a Development Contract dated August 22, 2019 and filed of record on September 27, 2019 with the Scott County Recorder as Document No. A1075533 concerning the plat of ***Pete’s Hill*** (“Development Contract”);

B. The City and Developer have agreed to amend the terms of the assessment of various fees as provided in this Amendment.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. EFFECT OF DEVELOPMENT CONTRACT. The Development Contract shall remain in full force and effect except as specifically amended herein.

2. AMENDMENT TO PARAGRAPH 18. Paragraph 16 of the Development Contract is amended in its entirety to read as follows:

18. STORM WATER TRUNK FEE. The Plat is subject to a storm sewer trunk fee of \$99,939.50. The area charge is based on the gross area of the final plat (36.42 acres) less the area of wetlands (7.93 acres), and is calculated as follows:

$$28.49 \text{ acres} \times \$3,507.88/\text{acre} = \mathbf{\$99,939.50}$$

The storm sewer area trunk fee is due at the time of final plat approval. The storm sewer area trunk fee shall be assessed in accordance with Paragraph 26M of the Agreement.

3. AMENDMENT TO PARAGRAPH 19. Paragraph 19 of the Development Contract is amended in its entirety to read as follows:

19. SANITARY SEWER TRUNK FEE. The Plat is subject to a sanitary sewer trunk fee of \$182,520.00. The charge is based on the number of units within the plat and is calculated as follows:

$$45 \text{ lots} \times \$4,056.00/\text{lot} = \mathbf{\$182,520.00}$$

The sanitary sewer trunk fee is due at the time of final plat approval. The sanitary sewer trunk fee shall be assessed in accordance with Paragraph 26M of the Development Contract.

4. AMENDMENT TO PARAGRAPH 20. Paragraph 20 of the Development Contract is amended in its entirety to read as follows:

20. WATER TRUNK FEE. The Plat is subject to a water trunk fee of \$162,675.00. The charge is based on the number of units within the plat at a rate of \$3,615.00 per lot. The Developer shall receive a credit to the Water Trunk Fee in the amount of \$54,471.00, as follows: a credit of \$9,147 for oversizing of the water line in 273rd Street, a credit of \$11,980 for replacement of the existing water line in 273rd Street and necessary street reconstruction work related to water line replacement, and a credit of \$33,344 for off-site watermain extension from Pete's Hill Trail to Meadow Ridge Lane. The Water Trunk Fee is calculated as follows:

$$45 \text{ lots} \times \$3,615.00/\text{lot} = \begin{array}{r} \$162,675.00 \\ \text{(Gross Water Trunk Fee)} \end{array} - \begin{array}{r} \$54,471.00 \\ \text{(Credit)} \end{array} = \mathbf{\$108,204.00} \\ \text{Total Water Trunk Fee}$$

The water trunk fee is due at the time of final plat approval. The water trunk fee shall be assessed in accordance with Paragraph 26M of the Development Contract.

5. AMENDMENT TO PARAGRAPH 24B. Paragraph 24B of the Agreement is amended in its entirety to read as follows:

B. Developer shall provide to the City \$2,343.60 in payment of the first year operating costs for street lights at the time of final plat approval. The fee was calculated as follows:

$$45 \text{ lots} \times \$4.34 \text{ per month} = \$195.30 \times 12 \text{ months} = \$2,343.60.$$

The street light operation fee is due at the time of final plat approval. The street light operation fee shall be assessed in accordance with Paragraph 26M of the Development Contract.

6. AMENDMENT TO PARAGRAPH 26. Paragraph 26 of the Development Contract is amended by adding a new subparagraph M to read as follows:

M. The fees and charges identified in Paragraphs 18, 19, 20, and 24B of the Development Contract shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum through December 31, 2020 and one percent (1%) per annum thereafter until the assessments are paid in full. One third of the assessments shall be payable with taxes in 2020. The unpaid balance of assessments for each lot shall be paid upon the earlier of the

following: (1) upon the sale of each lot; or (2) with taxes payable in 2023. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

7. COUNTERPARTS. This Amendment is executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed this _____ day of _____, 2020.

*[The remainder of this page has been intentionally left blank.
Signature pages follow.]*

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

(SEAL)

AND

Thomas Terry, City Administrator/City Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by Joe Julius and by Thomas Terry the Mayor and City Administrator/City Clerk of the City of Elko New Market, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

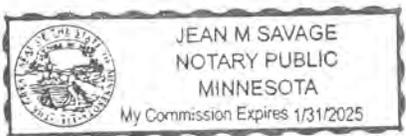
NOTARY PUBLIC

DEVELOPER:
ELKO 34, LLC

BY: *John Wickmann*
Its Partner Elko 34 LLC

STATE OF MINNESOTA)
)ss.
COUNTY OF Carver)

The foregoing instrument was acknowledged before me this 16th day of April, 2019, by John Wickmann the _____ of Elko 34, LLC, a Minnesota limited liability company.



J. Savage
NOTARY PUBLIC

DRAFTED BY:
CAMPBELL, KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, MN 55121
Telephone: 651-452-5000
AMP/cjh

Receipt:# 627300

A1075531

RES \$46 00

Return to:
CAMPBELL KHUTSON
860 BLUE GENTIAN ROAD
SUITE 290
EAGAN MN 55121



Certified Filed and/or recorded on:

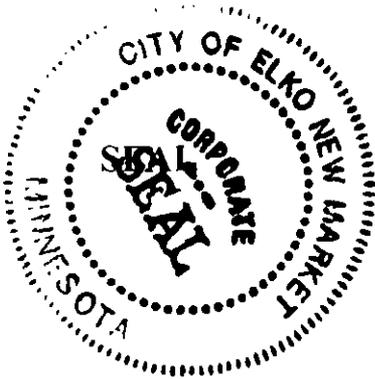
9/27/2019 1:15 PM

Office of the County Recorder
Scott County, Minnesota
Julie K. Hanson, County Recorder

CERTIFICATION OF RESOLUTION NO. 19-51

I, Lynda Jirak, Deputy Clerk for the City of Elko New Market, do hereby certify that the attached is a true and correct copy of Resolution No. 19-51, presented to and adopted by the City Council of Elko New Market at a duly authorized meeting thereof held on the 22nd day of August, 2019, as shown by minutes of the meeting in my possession.

Dated this 12th day of September, 2019.



A handwritten signature in black ink that reads "Lynda Jirak".

**LYNDA JIRAK
DEPUTY CLERK**

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 19-51

**RESOLUTION OF THE ELKO NEW MARKET CITY COUNCIL
GRANTING APPROVAL OF THE PRELIMINARY AND FINAL PLAT FOR PETE'S HILL,
APPROVAL OF DEVELOPMENT CONTRACT AND ADOPTING SPECIAL ASSESSMENTS FOR
DEVELOPMENT COSTS**

WHEREAS, Elko 34, LLC, a Minnesota Limited Liability Company ("Developer") is the fee owner of real property in the County of Scott legally described as follows:

The West 453.00 feet of the South Half of the Northwest Quarter of the Northwest Quarter, Section 35, Township 113, Range 21, Scott County, MN.

AND

That part of the East Half of the Northeast Quarter, Section 34, Township 113, Range 21, Scott County, Minnesota, lying Easterly of the center lines of Xerxes Avenue and Beard Avenue, except that part of the said East Half of the Northeast Quarter described as follows:

Commencing at the Southeast corner of said East Half of the Northeast Quarter thence South 89 degrees 00 minutes 40 seconds West (assumed bearing) along the South line of said East Half of the Northeast Quarter a distance of 271.17 feet to the point of beginning of the land to be described; thence continuing South 89 degrees 00 minutes 40 seconds West along said South line a distance of 750.00 feet; thence North 19 degrees 08 minutes 41 seconds West a distance of 33.00 feet; thence Northeasterly 369.86 feet along a nontangential curve concave to the Northwest having a radius of 408.28 feet, central angle of 51 degrees 54 minutes 17 seconds and a chord that bears North 44 degrees 54 minutes 09 seconds East; thence North 18 degrees 57 minutes 02 seconds East, tangent to said curve a distance of 583.23 feet East; thence South 71 degrees 21 minutes 43 seconds East a distance of 336.71 feet; thence on a bearing of South parallel with the East line of said East Half of the Northeast Quarter a distance of 715.35 feet to the point of beginning, Scott County, Minnesota;

WHEREAS, Developer is requesting preliminary and final plat approval of Pete's Hill consisting of forty-five lots and three outlots on 36.42 acres, which is located on the above real estate; and,

WHEREAS, the Elko New Market Planning Commission has completed a review of the Preliminary Plat application with a required public hearing on July 30, 2019, and made a report pertaining to said request, a copy of said report has been presented to the City Council with a recommendation for approval on a 4 to 0 vote, subject to conditions and findings contained in said meeting minutes; and,

WHEREAS, the City of Elko New Market has granted approval of the necessary wetland replacement plan application on August 22, 2019; and,

WHEREAS, the City Engineer and City Planner have recommended approval of the Development Contract, Preliminary and Final Plat for Pete's Hill, under the conditions provided herein; and

WHEREAS, Developer has requested that the City specially assess certain development costs, including stormwater trunk fees, sanitary sewer trunk fees, water trunk fees and street light fees, in the amount of \$393,007.10 to the lots within the Plat as provided in the terms of the Development Contract;

WHEREAS, City Council has reviewed the Development Contract and Preliminary and Final Plat for Pete's Hill; and finds:

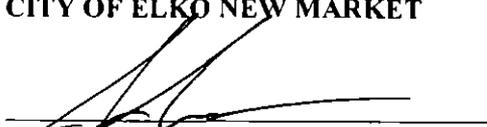
1. The proposed use of the property for residential purposes meets the intent of the guided land use for the area.
2. The proposed plat complies with the purposes of the Zoning Ordinance and Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Preliminary and Final Plat for Pete's Hill consisting of forty-five lots and three outlots on 36.42 acres is hereby approved, subject to the following;
 - a. Developer enter into the Development Contract with the City of Elko New Market;
 - b. Developer providing all deeds, easements and encroachment agreements (if any) required under the Development Contract; and
 - c. Developer paying all fees and providing the security required under the terms of the Development Contract.
2. The Development Contract between the City and Developer is hereby approved and the assessments identified therein shall be allocated equally to each lot in the plat and payable pursuant to the terms of the Development Contract.
3. The Development costs of \$393,007.10 are hereby adopted and shall constitute a special assessment against the Property and hereby made part of this Resolution by reference and that Property is hereby found to be benefitted by the proposed improvements in the amount of the assessments levied against it.
4. Such assessment shall be payable in equal annual installments extending over a period of 3 years, the first of the installments to be payable in 2020 and shall bear interest rate of 3% per annum from the date of the adoption of the assessment Resolution. To the first installment shall be added interest on the entire assessment from the date of this Resolution under December 31, 2019.
5. The Developer, at any time prior to certification of the assessment to the County Auditor, may pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this Resolution; and such owner may at any time thereafter, pay the City the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the next succeeding year. The owner may also at any time prior to November 15, of any year, pay the remaining unpaid principal balance with interest accrued to December 31 of the year in which such prepayment is made.
6. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

PASSED, ADOPTED AND APPROVED this 22nd day of August, 2019.

CITY OF ELKO NEW MARKET



Joe Julius, Mayor

ATTEST:



Tom Terry, Acting City Clerk

Plat: PETE'S HILL

(#23064)

Legal Description		New Parcel #s
Lot	Block	
1	1	23-064-0010
2	1	23-064-0020
3	1	23-064-0030
4	1	23-064-0040
5	1	23-064-0050
6	1	23-064-0060
7	1	23-064-0070
8	1	23-064-0080
9	1	23-064-0090
10	1	23-064-0100
11	1	23-064-0110
12	1	23-064-0120
13	1	23-064-0130
14	1	23-064-0140
15	1	23-064-0150
16	1	23-064-0160
17	1	23-064-0170
18	1	23-064-0180
19	1	23-064-0190
20	1	23-064-0200
21	1	23-064-0210
22	1	23-064-0220
23	1	23-064-0230
24	1	23-064-0240
25	1	23-064-0250
26	1	23-064-0260
27	1	23-064-0270
28	1	23-064-0280
29	1	23-064-0290
30	1	23-064-0300
1	2	23-064-0310
2	2	23-064-0320
3	2	23-064-0330
1	3	23-064-0340
2	3	23-064-0350
3	3	23-064-0360
4	3	23-064-0370
5	3	23-064-0380

6	3	23-064-0390
7	3	23-064-0400
8	3	23-064-0410
9	3	23-064-0420
10	3	23-064-0430
11	3	23-064-0440
1	4	23-064-0450
O-L	A	23-064-0460
O-L	B	23-064-0470
O-L	C	23-064-0480

Receipt:# 627300

A1075533

DAG \$46.00

Return to:
CAMPBELL KNUTSON
860 BLUE GENTIAN ROAD
SUITE 290
EAGAN MN 55121



Certified Filed and/or recorded on:

9/27/2019 1:15 PM

Office of the County Recorder
Scott County, Minnesota
Julie K. Hanson, County Recorder

(reserved for recording information)

DEVELOPMENT CONTRACT

(Developer Installed Improvements)

PETE'S HILL

CONTRACT dated August 22, 2019, by and between the **CITY OF ELKO NEW MARKET**, a Minnesota municipal corporation ("City"), and **ELKO 34, LLC**, a Minnesota limited liability company (the "Developer").

1. REQUEST FOR PLAT APPROVAL. The Developer has asked the City to approve a plat for **PETE'S HILL** (referred to in this Contract as the "plat"). The land is situated in the County of Scott, State of Minnesota, and is legally described in Exhibit A attached hereto.

2. CONDITIONS OF PLAT APPROVAL. The City hereby approves the plat on condition that the Developer enter into this Contract, furnish the security required by it, and record the plat with the County Recorder or Registrar of Titles within 90 days after the City Council approves the final plat.

3. RIGHT TO PROCEED. Within the plat or land to be platted, the Developer may not grade or otherwise disturb the earth or remove trees, unless a grading permit has been approved by the City Engineer following approval of a preliminary plat by the City Council, construct sewer lines, water lines, streets, utilities, public or private improvements, or any buildings until all the following conditions have been satisfied: 1) this agreement has been fully executed by both parties and filed with the City Clerk, 2) the necessary security has been received by the City, 3) the necessary insurance for the Developer and its

construction contractors has been received by the City, and 4) the plat has been recorded with the Scott County Recorder or Registrar of Titles' office.

4. PHASED DEVELOPMENT. If the plat is a phase of a multi-phased preliminary plat, the City may refuse to approve final plats of subsequent phases if the Developer has breached this Contract and the breach has not been remedied. Development of subsequent phases may not proceed until Development Contracts for such phases are approved by the City. Park dedication charges referred to in this Contract are not being imposed on outlots, if any, in the plat that are designated in an approved preliminary plat for future subdivision into lots and blocks. Such charges will be calculated and imposed when the outlots are final platted into lots and blocks.

5. PRELIMINARY PLAT STATUS. If the plat is a phase of a multi-phased preliminary plat, the preliminary plat approval for all phases not final platted shall lapse and be void unless final platted into lots and blocks, not outlots, within 2 years after preliminary plat approval.

6. CHANGES IN OFFICIAL CONTROLS. For 2 years from the date of this Contract, no amendments to the City's Comprehensive Plan, except an amendment placing the plat in the current metropolitan urban service area, or official controls shall apply to or affect the use, development density, lot size, lot layout or dedications of the approved plat unless required by state or federal law or agreed to in writing by the City and the Developer. Thereafter, notwithstanding anything in this Contract to the contrary, to the full extent permitted by state law, the City may require compliance with any amendments to the City's Comprehensive Plan, official controls, platting or dedication requirements enacted after the date of this Contract.

7. DEVELOPMENT PLANS. The plat shall be developed in accordance with the following plans. The plans shall not be attached to this Contract. With the exception of Plans A, B, C, and F the plans may be prepared, subject to the City Engineer's approval, after entering the Contract, but before commencement of any work in the plat. The City Engineer may approve minor amendments to Plan B without City Council approval. If the plans vary from the written terms of this Contract, the written terms shall control. The plans are:

Plan A – Plat, dated August 7, 2019

Plan B - Final Grading, Drainage, and Erosion Control Plan, dated August 6, 2019

Plan C - Tree Preservation Plan, dated August 8, 2019

Plan D - Plans and Specifications for Public Improvements, dated August 6, 2019

Plan E - Street Lighting Plan, dated August 6, 2019

Plan F - Landscape Plan, dated July 1, 2019

8. IMPROVEMENTS. The Developer shall install and pay for the following:

- A. Sanitary Sewer System
- B. Water System
- C. Storm Sewer System
- D. Streets
- E. Concrete Curb and Gutter
- F. Street Lights
- G. Site Grading, Stormwater Treatment/Infiltration Basins, and Erosion Control
- H. Underground Utilities
- I. Setting of Iron Monuments
- J. Surveying and Staking
- K. Sidewalks and Trails
- L. Retaining Walls

The improvements shall be installed in accordance with the City subdivision ordinance; City standard specifications and details for utility and street construction; the City Engineering Manual; and any other ordinances including Section 11-11-3 of the City Code concerning erosion and drainage and Section 5-5-2(C) restricting time frames for grading, construction activity, and the use of power equipment. The Developer shall submit plans and specifications which have been prepared by a competent registered professional engineer to the City for approval by the City Engineer. The Developer shall instruct its engineer to provide adequate field inspection personnel to assure an acceptable level of quality control to the extent

that the Developer's engineer will be able to certify that the construction work meets the approved City standards as a condition of City acceptance. In addition, the City may, at the City's discretion and at the Developer's expense, have one or more City inspectors and a soil engineer inspect the work on a full or part-time basis. The Developer, its contractors and subcontractors, shall follow all instructions received from the City's inspectors. The Developer's engineer shall provide for on-site project management. The Developer's engineer is responsible for design changes and contract administration between the Developer and the Developer's contractor. The Developer or its engineer shall schedule a pre-construction meeting at a mutually agreeable time at the City with all parties concerned, including the City staff, to review the program for the construction work. Within thirty (30) days after the completion of the improvements and before the security is released, the Developer shall supply the City with a complete set of reproducible "as constructed" plans and an electronic file of the "as constructed" plans in an AutoCAD .DWG file or a .DXF file, and a PDF format, all prepared in accordance with City standards.

In accordance with Minnesota Statutes 505.021, the final placement of iron monuments for all lot corners must be completed before the applicable security is released. The Developer's surveyor shall also submit a written notice to the City certifying that the monuments have been installed following site grading, utility and street construction.

9. PERMITS. The Developer shall obtain or require its contractors and subcontractors to obtain all necessary permits, which may include:

- A. Scott County for County Road Access and Work in County Rights-of-Way
- B. MnDot for State Highway Access
- C. New Market Township for Access and Work in Township Rights-of-Way
- D. MnDot for Work in Right-of-Way
- E. Minnesota Department of Health for Watermains
- F. MPCA NPDES Permit for Construction Activity
- G. MPCA for Sanitary Sewer and Hazardous Material Removal and Disposal
- H. DNR for Dewatering
- I. City of Elko New Market for Building Permits
- J. MCES for Sanitary Sewer Connections

K. City of Elko New Market for Retaining Walls

10. DEWATERING. Due to the variable nature of groundwater levels and stormwater flows, it will be the Developer's and the Developer's contractors and subcontractors responsibility to satisfy themselves with regard to the elevation of groundwater in the area and the level of effort needed to perform dewatering and storm flow routing operations. All dewatering shall be in accordance with all applicable county, state, and federal rules and regulations. DNR regulations regarding appropriations permits shall also be strictly followed.

11. TIME OF PERFORMANCE. The Developer shall install all required public improvements by November 30, 2020, with the exception of the final wear course of asphalt on streets. The final wear course on streets shall not be installed prior to 80% of the homes constructed within the Plat, but must be installed no later than August 31, 2022 and only between May 15th and October 15th. The final wear course on streets shall be installed no earlier than the summer after the base layer of asphalt has been in place one freeze thaw cycle. The Developer may, however, request an extension of time from the City. If an extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost increases and the extended completion date. Final wear course placement outside of the time frames provided in this Section must have the written approval of the City Engineer.

12. LICENSE. The Developer hereby grants the City, its agents, employees, officers and contractors a license to enter the plat to perform all work and inspections deemed appropriate by the City in conjunction with plat development.

13. EROSION CONTROL. Prior to initiating site grading, the erosion control plan, Plan B, shall be implemented by the Developer and inspected and approved by the City. The City may impose additional erosion control requirements if they would be beneficial. All areas disturbed by the grading operations shall be stabilized per the MPCA Stormwater Permit for Construction Activity. Seed shall be in accordance with the City's current seeding specification which may include temporary seed to provide ground cover as rapidly as possible. All seeded areas shall be fertilized, mulched, and disc anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion. If the Developer does not

comply with the MPCA Stormwater Permit for Construction Activity or with the erosion control plan and schedule or supplementary instructions received from the City or the Scott County Soil and Water Conservation District, the City may take such action as it deems appropriate to control erosion. The City will endeavor to notify the Developer in advance of any proposed action, but failure of the City to do so will not affect the Developer's and City's rights or obligations hereunder. If the Developer does not reimburse the City for any cost the City incurred for such work within ten (10) days, the City may draw down the letter of credit to pay any costs. No development, utility or street construction will be allowed and no building permits will be issued unless the plat is in full compliance with the approved erosion control plan.

14. GRADING. The plat shall be graded in accordance with the approved grading development and erosion control plan, Plan "B". The plan shall conform to City of Elko New Market specifications. Within thirty (30) days after completion of the grading and before the City approves individual building permits (except 2 model home permits on lots pursuant as provided herein), the Developer shall provide the City with an "as constructed" grading plan certified by a registered land surveyor or engineer that all storm water treatment/infiltration basins and swales, have been constructed on public easements or land owned by the City. The "as constructed" plan shall include field verified elevations of the following: a) cross sections of storm water treatment/infiltration basins; b) location and elevations along all swales, wetlands, wetland mitigation areas if any, locations and dimensions of borrow areas/stockpiles, and installed "conservation area" posts; and c) lot corner elevations and house pads, and all other items listed in City Code. The City will withhold issuance of building permits until the approved certified grading plan is on file with the City and all erosion control measures are in place as determined by the City Engineer. The Developer certifies to the City that all lots with house footings placed on fill have been monitored and constructed to meet or exceed FHA/HUD 79G specifications. The soils observation and testing report, including referenced development phases and lot descriptions, shall be submitted to the Building Official for review prior to the issuance of building permits.

15. CLEAN UP. The Developer shall clean dirt and debris from streets that has resulted from construction work by the Developer, home builders, subcontractors, their agents or assigns. Prior to any

construction in the plat, the Developer shall identify in writing a responsible party and schedule for erosion control, street cleaning, and street sweeping.

16. OWNERSHIP OF IMPROVEMENTS. Upon completion of the work and construction required by this Contract and final acceptance by the City, the improvements lying within public easements shall become City property without further notice or action.

17. CITY ENGINEERING ADMINISTRATION, CONSTRUCTION OBSERVATION AND RECORD DRAWINGS. The Developer shall pay for city engineering and construction observation performed by the City Engineer, that shall include part or full time inspection of proposed public utilities and street construction, and City engineering administration, that will include monitoring of construction observation, consultation with Developer and its engineer on status or problems regarding the project, coordination for final inspection and acceptance, project monitoring during the warranty period, and processing of requests for reduction in security, and for preparation of record drawings. Fees for this service shall be on hourly rates estimated to be ten percent (10%) of estimated construction costs identified in the Summary of Security Requirements if using a letter of credit, assuming normal construction and project.

18. STORM WATER TRUNK FEE. The Plat is subject to a storm sewer trunk fee of \$99,939.50. The area charge is based on the gross area of the final plat (36.42 acres) less the area of the less the area of wetlands (7.93 acres), and is calculated as follows:

$$28.49 \text{ acres} \times \$3,507.88/\text{acre} = \mathbf{\$99,939.50}$$

The Developer shall pay the storm sewer area trunk fee in cash at the time of final plat approval. If Developer does not pay the storm sewer area trunk fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments

be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

21. CONSTRUCTION ACCESS. Construction traffic access and egress for grading, public utility construction, and public street construction is restricted to access the subdivision via Xerxes Avenue. No construction traffic is permitted on the adjacent local streets.

22. PARK DEDICATION. Park Dedication requirements for the plat are satisfied by the Developer's conveyance of Outlots A and B of the Plat to the City.

23. SIDEWALKS AND TRAILS. Developer shall construct a trail connecting from the north end of Pete's Hill Trail to the existing trail system in Pete's Hill Park located within the property abutting the Plat to the north. Prior to plat approval, Developer shall obtain a public trail and utility easement for the trail located within the property north of the Plat. Developer shall install 6 foot sidewalks on the south and west side of Pete's Hill Trail and the north side of Kerry Way.

24. TRAFFIC CONTROL SIGNS AND STREET LIGHT OPERATION COSTS.

A. The Developer shall provide to the City a security in the amount of \$1,000.00 for installation of traffic control signs. The security amount is based on estimated signage costs provided by the Developer's Engineer.

B. Developer shall provide to the City \$2,343.60 in payment of the first year operating costs for street lights at the time of final plat approval. The fee was calculated as follows:

$$45 \text{ lots} \times \$4.34 \text{ per month} = \$195.30 \times 12 \text{ months} = \$2,343.60.$$

If Developer does not pay the street light operation fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this

Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

25. BUFFER YARD BERM/LANDSCAPE SCREEN. City zoning and subdivision ordinances require the installation of a buffer yard berm/landscape screen for the 4 lots that abut 273rd Street. Developer is also required to provide additional landscaping between the single family development and the twin-home development pursuant to the planned unit development approval for the plat. Before the City signs the final plat, the Developer shall post a security of \$10,000.00 to guarantee the installation of the buffer yard berm/landscape screen in accordance with the approved landscape plan.

26. SPECIAL PROVISIONS. The following special provisions shall apply to plat development:

- A. Implementation of the recommendations listed in the August 14, 2019 Engineering Report and July 30, 2019, Planning Report.
- B. Before the City signs the final plat, the Developer shall convey Outlots A and B to the City by warranty deed, free and clear of any and all encumbrances.
- C. Developer shall obtain the necessary temporary grading easements over properties adjacent to Lot 3, Block 2 and Lot 11, Block 3 of the Plat.
- D. The Developer shall install a temporary turnaround on the easterly end of Kari Way until Kari Way is extended through the abutting property. Developer shall install "Future Road Extension" signs at the east end of Kari Way and the unnamed street stub proposed into the Catherine Anderson property (referred to as Keely Way in the construction plans).
- E. Developer shall place "Wetland Buffer" signs, meeting the requirements of Section 11-11-4 of the Zoning Ordinance along all lot lines at the wetland buffer location.
- F. Developer shall execute an encroachment agreement with the City for any retaining walls that encroach within drainage and utility easements, in a form approved by the City.

- G. Developer shall record shared retaining wall easements for the private ownership and maintenance of all retaining walls crossing multiple lot lines. Retaining walls encompassing multiple lots within the twin-home portion of the plat shall be maintained by any homeowner association created for the twin-home development and included within the declarations for the twin-home association. Prior to the establishment of a homeowner association for the twin-home development, Developer shall establish a retaining wall easement for the retaining wall within the twin-home portion of the development, which shall be assigned to the homeowner association and included as a responsibility of the homeowner association in the declaration.
- H. Association must be created for Lots 15-30, Block 1, Lots 1-3, Block 2 and Lots 1-4, Block 3. Homeowner Association documents consistent with the provisions of this Contract must be reviewed and approved by the City Attorney and recorded prior to issuance of a building permit for any of the lots identified under this sub-paragraph.
- I. Developer shall properly seal the existing well on the property within the plat and property abandon the septic system prior to issuance of a building permit (except model home permits); demolition of existing buildings and in-ground swimming pool within the plat require a demolition permit issued by the City. Prior to City Council approval of the final plat, the Developer shall furnish a boundary survey of the proposed property to be platted with all property corner monumentation in place and marked with lath and a flag. Any encroachments on or adjacent to the property shall be noted on the survey. Pursuant to City Code Section 12-10-2(E), the Developer shall post a \$4,500.00 security for the final placement of interior subdivision iron monuments at property corners. The security will be held by the City until the Developer's land surveyor certifies that all irons have been set following site grading and utility and street construction. In addition, the certificate of survey must also include a certification that all irons for a specific lot have either been found or set prior to the issuance of a building permit for that lot.
- J. The Developer shall be responsible for the cost of street light installation consistent with a street lighting plan approved by the City. Before the City signs the final plat, the Developer shall post a

security for street light installation consistent with the approved plan. The estimated amount of this security is based on the installation of 8 street lights at a cost of \$2,000 per light, for a total estimated street light cost of \$16,000.

- K. A turnaround driveway is required for Lot 1, Block 4 of the plat.
- L. Developer shall install capped drain tile under a driveway on each lot within the plat that will not have an individual sump pump provided.

27. SUMMARY OF SECURITY REQUIREMENTS. To guarantee compliance with the terms of this Contract, payment of real estate taxes including interest and penalties, payment of special assessments, payment of the costs of all public improvements, and construction of all public improvements, the Developer shall furnish the City with a cash escrow, letter of credit, in the form attached hereto, from a bank ("security") for **\$3,304,796.50**. The amount of the security was calculated as follows:

CONSTRUCTION COSTS:

A. Sanitary Sewer	\$ 333,854.00
B. Watermain	275,226.00
C. Storm Sewer/Drain tile	437,881.00
D. Streets	747,181.00
E. Erosion Control/Stormwater Basins, Restoration, Grading Certification	44,873.00
F. Site Preparation	78,500.00
G. Grading	289,175.00
H. Trail	13,950.00
CONSTRUCTION SUB-TOTAL	\$2,220,640.00

OTHER COSTS:

A. City Legal Expenses (Est. 0.5%)	\$ 11,103.20
B. City Construction Observation, Engineering Administration And Record Drawings (Est. 10.0%)	222,064.00
C. Landscaping/Retaining Wall	168,530.00
D. Street Lights	16,000.00
E. Lot Corners/Iron Monuments	4,500.00
F. Traffic Signs	<u>1,000.00</u>
OTHER COSTS SUB-TOTAL	\$ 423,197.20

SUBTOTAL SECURITIES: \$2,643,837.20

TOTAL SECURITIES (Cost plus 25%) \$3,304,796.50

This breakdown is for historical reference; it is not a restriction on the use of the security. The bank shall be subject to the approval of the City Administrator. The City may draw down the security, on five (5) business days written notice to the Developer, for any violation of the terms of this Contract or without notice if the security is allowed to

lapse prior to the end of the required term. If the required public improvements are not completed at least thirty (30) days prior to the expiration of the security, the City may also draw it down without notice. If the security is drawn down, the proceeds shall be used to cure the default. Upon receipt of proof satisfactory to the City that work has been completed and financial obligations to the City have been satisfied, with City approval the security may be reduced from time to time by the value of the work to be done or the financial obligations that have been satisfied taking into consideration the amount determined by the City for the costs of the remaining improvements and financial obligations, except as further provided herein. Security shall not be reduced to less than 25% of the original security amount until all improvements have been completed, all financial obligations to the City satisfied, the required "as constructed" plans have been received by the City, a warranty security is provided, and the public improvements are accepted by the City Council. The City's standard specifications for utility and street construction outline procedures for security reductions.

28. WARRANTY. The Developer warrants all improvements required to be constructed by it pursuant to this Contract against poor material and faulty workmanship. The warranty period for streets is one year. The warranty period for underground utilities is two years and shall commence following completion and acceptance by City Council. The one year warranty period on streets shall commence after the final wear course has been installed and accepted by the City Council. The Developer shall post maintenance bonds in the amount of twenty-five percent (25%) of final certified construction costs to secure the warranties. The City shall retain 25% of the security posted by the Developer until the maintenance bonds are furnished to the City or until the warranty period expires, whichever first occurs. The retainage may be used to pay for warranty work. The City's standard specifications for utility and street construction identify the procedures for final acceptance of streets and utilities.

- A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the development of the plat, including but not limited to, legal, planning, engineering and construction observation inspection expenses incurred in connection with approval and acceptance of the plat, the preparation of this Contract, review of construction plans and documents, and all costs and expenses incurred by the City in monitoring and inspecting development of the plat.

- B. The Developer shall hold the City and its officers, employees, and agents harmless from claims made by itself and third parties for damages sustained or costs incurred resulting from plat approval and development. The Developer shall indemnify the City and its officers, employees, and agents for all costs, damages, or expenses which the City may pay or incur in consequence of such claims, including attorneys' fees.
- C. The Developer shall reimburse the City for costs incurred in the enforcement of this Contract, including engineering and attorneys' fees.
- D. The Developer shall pay, or cause to be paid when due, and in any event before any penalty is attached, all special assessments referred to in this Contract. This is a personal obligation of the Developer and shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it.
- E. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under this Contract within thirty (30) days after receipt. If the bills are not paid on time, the City may halt plat development and construction until the bills are paid in full. Bills not paid within thirty (30) days shall accrue interest at the rate of eighteen percent (18%) per year. Additionally, the Developer shall pay in full all bills submitted to it by the City prior to any reductions in the security for the development.
- F. In addition to the charges and special assessments referred to herein, other charges and special assessments may be imposed at the time of the building permit for each lot, such as but not limited to, sewer availability charges ("SAC"), City water connection charges, City sewer connection charges, and building permit fees.

29. DEVELOPER'S DEFAULT. In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, provided the Developer, except in an emergency as determined by the City, is first given notice of the work in default, not less than forty-eight (48) hours in advance. This Contract is a license for the City to act, and it shall not be necessary for the City to seek a

Court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part.

30. MISCELLANEOUS.

- A. The Developer represents to the City that the plat complies with all city, county, metropolitan, state, and federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances, and environmental regulations. If the City determines that the plat does not comply, the City may, at its option, refuse to allow construction or development work in the plat until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.
- B. Third parties shall have no recourse against the City under this Contract.
- C. Breach of the terms of this Contract by the Developer shall be grounds for denial of building permits, including lots sold to third parties.
- D. If any portion, section, subsection, sentence, clause, paragraph, or phrase of this Contract is for any reason held invalid, such decision shall not affect the validity of the remaining portion of this Contract.
- E. Grading, curbing, and one lift of asphalt shall be installed on all public and private streets prior to issuance of any building permits, except two model homes on lots acceptable to the Building Official. Approval of an administrative permit in compliance with Section 11-5-10 of the City's zoning ordinance is required prior to the construction of any model homes.
- F. If building permits are issued prior to the acceptance of public improvements, the Developer assumes all liability and costs resulting in delays in completion of public improvements and damage to public improvements caused by the City, Developer, its contractors, subcontractors, material men, employees, agents, or third parties. No sewer and water connections or inspections may be conducted and no one may occupy a building for which a building permit is issued on either a temporary or permanent basis until the streets needed for access have been paved with a bituminous surface and the utilities are accepted by the City Engineer.

- G. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Contract. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the City Council. The City's failure to promptly take legal action to enforce this Contract shall not be a waiver or release.
- H. This Contract shall run with the land and may be recorded against the title to the property. In the event this Contract is recorded, the City covenants to provide a recordable Certificate of Completion promptly upon the completion of the work and responsibilities required herein, payment of all costs and fees required and compliance with all terms of the Contract. The Developer covenants with the City, its successors and assigns, that the Developer is well seized in fee title of the property being final platted and/or has obtained consents to this Contract, in the form attached hereto, from all parties who have an interest in the property; that there are no unrecorded interests in the property being final platted; and that the Developer will indemnify and hold the City harmless for any breach of the foregoing covenants. After the Developer has completed the Improvements required of it under this Agreement and all obligations under the terms of the Development Contract have been met, including all financial obligations, at the Developer's request the City will execute and deliver a termination of this Agreement (in recordable form) and a release of the Developer.
- I. Insurance. Prior to execution of the final plat, Developer and its general contractor shall furnish to the City a certificate of insurance showing proof of the required insurance required under this Paragraph. Developer and its general contractor shall take out and maintain or cause to be taken out and maintained until six (6) months after the City has accepted the public improvements, such insurance as shall protect Developer and its general contractor and the City for work covered by the Contract including workers' compensation claims and property damage, bodily and personal injury which may arise from operations under this Contract, whether such operations are by Developer and its general contractor or anyone directly or indirectly employed by either of them. The minimum amounts of insurance shall be as follows:

Commercial General Liability (or in combination with an umbrella policy)
\$2,000,000 Each Occurrence
\$2,000,000 Products/Completed Operations Aggregate
\$2,000,000 Annual Aggregate

The following coverages shall be included:

Premises and Operations Bodily Injury and Property Damage
Personal and Advertising Injury
Blanket Contractual Liability
Products and Completed Operations Liability

Automobile Liability

\$2,000,000 Combined Single Limit – Bodily Injury & Property Damage
Including Owned, Hired & Non-Owned Automobiles

Workers Compensation

Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota, including Employer's Liability with minimum limits are as follows:

- \$500,000 – Bodily Injury by Disease per employee
- \$500,000 – Bodily Injury by Disease aggregate
- \$500,000 – Bodily Injury by Accident

The Developer's and general contractor's insurance must be "Primary and Non-Contributory".

All insurance policies (or riders) required by this Contract shall be (i) taken out by and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of Minnesota, (ii) shall name the City, its employees and agents as additional insureds (CGL and umbrella only) by endorsement which shall be filed with the City. A copy of the endorsement must be submitted with the certificate of insurance.

Developer's and general contractor's policies and Certificate of Insurance shall contain a provision that coverage afforded under the policies shall not be cancelled without at least thirty (30) days' advanced written notice to the City, or ten (10) days' notice for non-payment of premium.

An Umbrella or Excess Liability insurance policy may be used to supplement Developer's or general contractor's policy limits on a follow-form basis to satisfy the full policy limits required by this Contract.

- J. Indemnification. To the fullest extent permitted by law, Developer agrees to defend, indemnify and hold harmless the City, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of Developer's negligence or its performance or failure to perform its obligations under this Contract. Developer's indemnification obligation shall apply to Developer's general contractor, subcontractor(s), or anyone directly or indirectly employed or hired by Developer, or anyone for whose acts Developer may be liable. Developer agrees this indemnity obligation shall survive the completion or termination of this Contract.
- K. Each right, power or remedy herein conferred upon the City is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to City, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the City and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy.
- L. The Developer may not assign this Contract without the written permission of the City Council. The Developer's obligation hereunder shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it, until the City's issuance of a Certificate of Completion and Release.
- M. Retaining walls that require a building permit shall be constructed in accordance with plans and specifications prepared by a structural or geotechnical engineer licensed by the State of Minnesota. Following construction, a certification signed by the design engineer shall be filed with the Building Official evidencing that the retaining wall was constructed in accordance with the approved plans and specifications. All retaining walls identified on the development plans and by special conditions referred to in this Contract shall be constructed before any other building permit is issued for a lot on which a retaining wall is required to be built.

N. Should the Developer convey any lot or lots in the Development to a third party, the City and the owner of that lot or those lots may amend this Development Contract or other city approvals or agreements for development or use of those lots without the approval or consent of the Developer or other lot owners in the Development. Private agreements between the owners of lots within the Development for shared service or access and related matters necessary for the efficient use of the Development shall be the responsibility of the lot owners and shall not bind or restrict City authority to approve applications from any lot owner in the Development.

31. NOTICES. Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees or agents, or mailed to the Developer by certified mail at the following address: Elko 34, LLC, 2409 West 66th Street, Minneapolis, MN 55423. Notices to the City shall be in writing and shall be either hand delivered to the City Administrator, or mailed to the City by certified mail in care of the City Administrator at the following address: 601 Main Street, Elko New Market, MN 55020.

*[The remainder of this page has been intentionally left blank.
Signature pages follow.]*

CITY OF ELKO NEW MARKET

BY:

[Signature]
Joe Julius, Mayor

AND

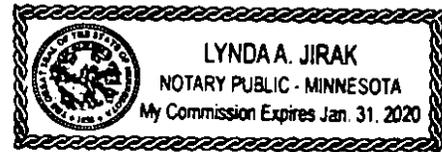
[Signature]
Thomas Terry, City Clerk

(SEAL)

STATE OF MINNESOTA)
)ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this 22nd day of August, 2019, by Joe Julius and by Thomas Terry, the Mayor and City Clerk of the City of Elko New Market, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

Lynda A. Jirak
NOTARY PUBLIC

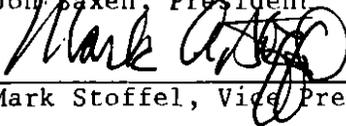


**MORTGAGE CONSENT
TO
DEVELOPMENT CONTRACT**

Welcome State Bank, which holds a mortgage on the subject property, the development of which is governed by the foregoing Development Contract, agrees that the Development Contract shall remain in full force and effect even if it forecloses on its mortgage.

Dated this 23rd day of August, 2019.

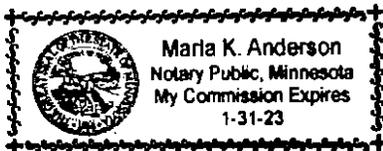


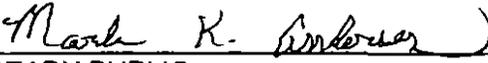
Jon Saxon, President


Mark Stoffel, Vice President

STATE OF MINNESOTA)
)ss.
COUNTY OF MARTIN)

The foregoing instrument was acknowledged before me this 23rd day of August, 2019, by Jon Saxon, President and Mark Stoffel, Vice President of Welcome State Bank





NOTARY PUBLIC

DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
651-452-5000
AMP

EXHIBIT "A"
TO
DEVELOPMENT CONTRACT

Legal Description of Property Being Final Platted as
PETE'S HILL

The West 453.00 feet of the South Half of the Northwest Quarter of the Northwest Quarter, Section 35, Township 113, Range 21, Scott County, MN.

AND

That part of the East Half of the Northeast Quarter, Section 34, Township 113, Range 21, Scott County, Minnesota, lying Easterly of the center lines of Xerxes Avenue and Beard Avenue, except that part of the said East Half of the Northeast Quarter described as follows:

Commencing at the Southeast corner of said East Half of the Northeast Quarter thence South 89 degrees 00 minutes 40 seconds West (assumed bearing) along the South line of said East Half of the Northeast Quarter a distance of 271.17 feet to the point of beginning of the land to be described; thence continuing South 89 degrees 00 minutes 40 seconds West along said South line a distance of 750.00 feet; thence North 19 degrees 08 minutes 41 seconds West a distance of 33.00 feet; thence Northeasterly 369.86 feet along a nontangential curve concave to the Northwest having a radius of 408.28 feet, central angle of 51 degrees 54 minutes 17 seconds and a chord that bears North 44 degrees 54 minutes 09 seconds East; thence North 18 degrees 57 minutes 02 seconds East, tangent to said curve a distance of 583.23 feet East; thence South 71 degrees 21 minutes 43 seconds East a distance of 336.71 feet; thence on a bearing of South parallel with the East line of said East Half of the Northeast Quarter a distance of 715.35 feet to the point of beginning, Scott County, Minnesota.

Plat: PETE'S HILL

(#23064)

Legal Description		New Parcel #s
Lot	Block	
1	1	23-064-0010
2	1	23-064-0020
3	1	23-064-0030
4	1	23-064-0040
5	1	23-064-0050
6	1	23-064-0060
7	1	23-064-0070
8	1	23-064-0080
9	1	23-064-0090
10	1	23-064-0100
11	1	23-064-0110
12	1	23-064-0120
13	1	23-064-0130
14	1	23-064-0140
15	1	23-064-0150
16	1	23-064-0160
17	1	23-064-0170
18	1	23-064-0180
19	1	23-064-0190
20	1	23-064-0200
21	1	23-064-0210
22	1	23-064-0220
23	1	23-064-0230
24	1	23-064-0240
25	1	23-064-0250
26	1	23-064-0260
27	1	23-064-0270
28	1	23-064-0280
29	1	23-064-0290
30	1	23-064-0300
1	2	23-064-0310
2	2	23-064-0320
3	2	23-064-0330
1	3	23-064-0340
2	3	23-064-0350
3	3	23-064-0360
4	3	23-064-0370
5	3	23-064-0380

6	3	23-064-0390
7	3	23-064-0400
8	3	23-064-0410
9	3	23-064-0420
10	3	23-064-0430
11	3	23-064-0440
1	4	23-064-0450
O-L	A	23-064-0460
O-L	B	23-064-0470
O-L	C	23-064-0480

Petes Hill - Assessments for Development Fees
Approved by Elko New Market City Council 8/22/19

PID #					Stormwater	Sanitary Sewer	Water Trunk	Street Light	Total Per Lot
					Trunk Fee	Trunk Fee	Fee	Costs	
					620-49490-37590	602-49450-37270	601-49400-37170	101-43160-37500	
230640010	Lot	1	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640020	Lot	2	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640030	Lot	3	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640040	Lot	4	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640050	Lot	5	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640060	Lot	6	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640070	Lot	7	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640080	Lot	8	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640090	Lot	9	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640100	Lot	10	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640110	Lot	11	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640120	Lot	12	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640130	Lot	13	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640140	Lot	14	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640150	Lot	15	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640160	Lot	16	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640170	Lot	17	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640180	Lot	18	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640190	Lot	19	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640200	Lot	20	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640210	Lot	21	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640220	Lot	22	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640230	Lot	23	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640240	Lot	24	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640250	Lot	25	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640260	Lot	26	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640270	Lot	27	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640280	Lot	28	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640290	Lot	29	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640300	Lot	30	Block	1	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640310	Lot	1	Block	2	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640320	Lot	2	Block	2	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640330	Lot	3	Block	2	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640340	Lot	1	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640350	Lot	2	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640360	Lot	3	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640370	Lot	4	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640380	Lot	5	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640390	Lot	6	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640400	Lot	7	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640410	Lot	8	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640420	Lot	9	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640430	Lot	10	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640440	Lot	11	Block	3	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
230640450	Lot	1	Block	4	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
TOTALS					\$99,939.50	\$182,520.00	\$108,204.00	\$2,343.60	\$393,007.10

Original Assessments	Stormwater Trunk Fee	Sanitary Sewer Trunk Fee	Water Trunk Fee	Street Light Costs	Total Per Lot
Total Assessment Per Lot	\$2,220.88	\$4,056.00	\$2,404.53	\$52.08	\$8,733.49
Percent of Total Assessment	25.43%	46.44%	27.53%	0.60%	100.00%

Assessments Paid With 2020 Taxes				\$127,149.95
\$32,333.52	\$59,050.86	\$35,007.34	\$758.23	\$127,149.95
25.43%	46.44%	27.53%	0.60%	100.00%

Balance After 2020 Taxes Are Paid				\$265,857.30
\$67,606.02	\$123,469.21	\$73,196.70	\$1,585.37	\$265,857.30
25.43%	46.44%	27.53%	0.60%	100.00%



STAFF MEMORANDUM

SUBJECT:	Amend Development Contract and Special Assessments for Christmas Pines
MEETING DATE:	May 14, 2020
PREPARED BY:	Renee Christianson, Community Development Specialist
REQUESTED ACTION:	Adopt Resolution 20-29 Amending the Development Contract for Christmas Pines, and Amending Resolution 19-20 Granting Approval of Christmas Pines Plat, Approving Development Contract and Adopting Special Assessments for Development Costs

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

In 2018, the City Council adopted Resolution 18-18 approving the final plat and development contract for Christmas Pines, and approving and adopting special assessments for development costs. In 2019, the City Council adopted Resolution 19-20 amending the original resolution, to address a change in ownership and assessment dates because the plat did not get filed in 2018, as originally intended. The development contract and resolution allowed for the development fees, which are typically paid in full at the time of final plat approval, to be assessed against each lot and paid over time.

There was some conflicting language between the development contract and the resolution adopting the assessments in regards to the timing of the assessment payments. Staff and the developer have worked out an agreement to amend the repayment schedule for the assessments in a manner acceptable to both the Developer and staff. In consideration of the unforeseen delays to the project and the potential impact of COVID-19, the term of repayment has been extended one year and the interest rate reduced.

The initial development fees totaled \$206,353.31 and were assessed equally to the 20 lots within the development. Due and payable with the payable 2020 taxes, a total of \$66,761.60 was billed and the developer has agreed to pay this amount. Staff and the developer have worked out an agreement to amend the repayment schedule for the remaining \$139,591.71. Based on the recommended agreement, the remaining assessment balance of \$139,591.71 would be due and payable upon the sale of each lot, or with the payable 2023 property taxes. Beginning January 1, 2021 the interest rate would also be reduced to 1% from 3%.

FINANCIAL IMPACT

City staff has used the terms of the proposed amendment, and run the utility fund revenue projections through the City's financial model. Staff is comfortable with the terms of the amendment described above.

CITY ATTORNEY RECOMMENDATION

The City Attorney has reviewed the matter and has prepared the attached Amendment to Development Contract and Draft Resolution 20-29. The developer has signed the draft amendment to the development contract.

REQUESTED ACTION

The City Council is being asked to approve Resolution 20-29 Approving an Amendment to the Development Contract for Christmas Pines and an Amendment of Resolution 19-20 Granting Approval of the Preliminary and Final Plat for Christmas Pines, Approval of Development Contract Adopting Special Assessments for Development Costs.

Attachments:

Draft Resolution 20-29

First Amendment to Development Contract for Christmas Pines (signed)

Resolution 18-18

Resolution 19-20

(Executed) Development Contract for Christmas Pines

Assessment Roll Information

(reserved for recording information)

**FIRST AMENDMENT
TO
DEVELOPMENT CONTRACT**

CHRISTMAS PINES

THIS FIRST AMENDMENT TO DEVELOPMENT CONTRACT (“Amendment”) is made this ___ day of _____, 2020, by and between the **CITY OF ELKO NEW MARKET**, a Minnesota municipal corporation (“City”), and **ARCHER’S POINT DEVELOPMENT, LLC**, a Minnesota limited liability company (the “Developer”).

RECITALS

A. The City and Developer previously entered into a Development Contract dated April 25, 2019 and filed of record on July 9, 2019 with the Scott County Recorder as Document No. A1069888 concerning the plat of ***Christmas Pines*** (“Development Contract”);

B. The City and Developer have agreed to amend the terms of the assessment of various fees as provided in this Amendment.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. EFFECT OF DEVELOPMENT CONTRACT. The Development Contract shall remain in full force and effect except as specifically amended herein.

2. AMENDMENT TO PARAGRAPH 16. Paragraph 16 of the Development Contract is amended in its entirety to read as follows:

16. STORM WATER TRUNK FEE. The Plat is subject to a storm sewer trunk fee of \$11,891.71. The area charge is based on the gross area of the final plat (5.0 acres) less the area of the right-of-way dedicated for County Roads 2 and 91 (1.32 acres) and less the area of the wetland located on Outlot A (.29 acres), and is calculated as follows:

$$3.39 \text{ acres} \times \$3,507.88/\text{acre} = \mathbf{\$11,891.71}$$

The storm sewer area trunk fee is due at the time of final plat approval. The storm sewer area trunk fee shall be assessed in accordance with Paragraph 27G of the Agreement.

3. AMENDMENT TO PARAGRAPH 17. Paragraph 17 of the Development Contract is amended in its entirety to read as follows:

17. SANITARY SEWER TRUNK FEE. The Plat is subject to a sanitary sewer trunk fee of \$81,120.00. The charge is based on the number of units within the plat and is calculated as follows:

$$20 \text{ dwelling units} \times \$4,056.00/\text{unit} = \mathbf{\$81,120.00}$$

The sanitary sewer trunk fee is due at the time of final plat approval. The sanitary sewer trunk fee shall be assessed in accordance with Paragraph 27G of the Development Contract.

4. AMENDMENT TO PARAGRAPH 18. Paragraph 18 of the Development Contract is amended in its entirety to read as follows:

18. WATER TRUNK FEE. The Plat is subject to a water trunk fee of \$72,300.00. The charge is based on the number of units within the plat and is calculated as follows:

$$20 \text{ units} \times \$3,615.00/\text{unit} = \mathbf{\$72,300.00}$$

The water trunk fee is due at the time of final plat approval. The water trunk fee shall be assessed in accordance with Paragraph 27G of the Development Contract.

5. AMENDMENT TO PARAGRAPH 20. Paragraph 20 of the Agreement is amended in its entirety to read as follows:

20. PARK DEDICATION. The Developer shall pay a cash contribution of \$40,000.00 in satisfaction of the City's park dedication requirements at the time of final plat approval. The charge was calculated as follows:

$$20 \text{ lots} \times \$2,000 \text{ per dwelling unit} = \$40,000.00$$

The park dedication fee is due at the time of final plat approval. The park dedication fee shall be assessed in accordance with Paragraph 27G of the Development Contract.

6. AMENDMENT TO PARAGRAPH 22B. Paragraph 22B of the Agreement is amended in its entirety to read as follows:

B. Developer shall provide to the City \$1,041.60 in payment of the first year operating costs for street lights at the time of final plat approval. The fee was calculated as follows:

$$20 \text{ lots} \times \$4.34 \text{ per month} = \$86.80 \times 12 \text{ months} = \$1,041.60.$$

The street light operation fee is due at the time of final plat approval. The street light operation fee shall be assessed in accordance with Paragraph 27G of the Development Contract.

7. AMENDMENT TO PARAGRAPH 27. Paragraph 27 of the Development Contract is amended by adding a new subparagraph G to read as follows:

G. The fees and charges identified in Paragraphs 16, 17, 18, 20, and 22B of the Development Contract shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum through

December 31, 2020 and one percent (1%) per annum thereafter until the assessments are paid in full. One third of the assessments shall be payable with taxes in 2020. The unpaid balance of assessments for each lot shall be paid upon the earlier of the following: (1) upon the sale of each lot; or (2) with taxes payable in 2023. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

8. COUNTERPARTS. This Amendment is executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed this _____ day of _____, 2020.

*[The remainder of this page has been intentionally left blank.
Signature pages follow.]*

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

(SEAL)

AND

Thomas Terry, City Administrator/City Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by Joe Julius and by Thomas Terry the Mayor and City Administrator/City Clerk of the City of Elko New Market, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

NOTARY PUBLIC

**DEVELOPER:
ARCHER'S POINT DEVELOPMENT, LLC**

BY: _____
Its

STATE OF MINNESOTA)
)ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by _____ the _____ of Archer's Point Development, LLC, a Minnesota limited liability company, on its behalf.

NOTARY PUBLIC

DRAFTED BY:
CAMPBELL, KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, MN 55121
Telephone: 651-452-5000
AMP/cjh

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 20-29

**APPROVING AN AMENDMENT OF THE DEVELOPMENT CONTRACT FOR CHRISTMAS PINES
AND AN AMENDMENT OF RESOLUTION NO. 19-20
GRANTING APPROVAL OF THE FINAL PLAT AND DEVELOPMENT CONTRACT FOR
CHRISTMAS PINES AND APPROVING AND ADOPTING SPECIAL ASSESSMENTS FOR
DEVELOPMENT COSTS**

WHEREAS, the City and Archer’s Point Development, LLC (“Developer”) previously entered into a Development Contract dated April 25, 2019 and filed of record on July 9, 2019 with the Scott County Recorder as Document No. A1069888 concerning the plat of *Christmas Pines* (“Development Contract”)

WHEREAS, the City Council approved Resolution No 18-18 granting approval of the final plat and Development Contract for Christmas Pines and approving and adopting special assessments for development costs;

WHEREAS, the City Council adopted Resolution No. 19-20 amending the Resolution No. 18-18;

WHEREAS, Developer and the City desire to amend the terms of the Development Contract concerning the assessments for development costs as provided in the First Amendment to Development Contract (“First Amendment”) attached hereto as Exhibit A;

WHEREAS, the City desires to amend the resolution concerning the adoption of special assessments for development costs as provided in this amended resolution to be consistent with the (“First Amendment”);

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The City approves the First Amendment as attached in Exhibit A.

2. Paragraph 1, subparagraph 4 of Resolution No. 19-20 is hereby amended to read as follows:

4. Assessments shall be assessed against the lots (not outlots) in the plat with interest calculated at three percent (3%) per annum from the date of adoption of Resolution 19-20 through December 31, 2020 and one percent (1%) per annum thereafter until the assessments are paid in full. One third of the assessments shall be payable with taxes in 2020. The unpaid balance of assessments for each lot shall be paid upon the earlier of the following: (1) upon the sale of each lot; or (2) with taxes payable in 2023.

3. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

PASSED, ADOPTED AND APPROVED this 14th day of May, 2020.

CITY OF ELKO NEW MARKET

Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/City Clerk

EXHIBIT A

[attached First Amendment]

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 18-18

**RESOLUTION OF THE ELKO NEW MARKET CITY COUNCIL
GRANTING APPROVAL OF THE FINAL PLAT AND DEVELOPMENT CONTRACT FOR
CHRISTMAS PINES AND APPROVING AND ADOPTING SPECIAL ASSESSMENTS FOR
DEVELOPMENT COSTS**

WHEREAS, On Site Marketing Co., a Minnesota corporation (“Developer”) is the fee owner of real property in the County of Scott legally described as follows:

The North 466.70 of the East 466.70 feet (as measured at right angles to the North and East lines) of the Northeast Quarter of the Northeast Quarter of Section 28, Township 113, Range 21, Scott County, Minnesota (“Property”);

WHEREAS, Developer is requesting final plat approval of Christmas Pines consisting of twenty residential lots and one outlot on 5 gross acres, which is located on the above real estate; and,

WHEREAS, the Elko New Market City Council granted preliminary plat approval of Christmas Pines on June 26th, 2017, subject to conditions and recommendations; and,

WHEREAS, the Elko New Market City Council granted approval of the necessary wetland replacement plan application on October 26, 2017; and,

WHEREAS, the City Engineer and City Planner have recommended approval of the Final Plat and Development Contract for Christmas Pines, under the conditions provided herein; and

WHEREAS, Developer has requested that the City specially assess certain development costs, including park dedication fees, stormwater trunk fees, sanitary sewer trunk fees, water trunk fees and street light fees, in the amount of \$206,353.31 to the lots within the Plat as provided in the terms of the Development Contract;

WHEREAS, City Council has reviewed the final plat for Christmas Pines; and finds:

- 1) The proposed plat of the property meets the purpose and intent of the Comprehensive Plan.
- 2) The proposed plat complies with requirements of City Code Title 12, Subdivision Regulations.

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Final Plat for Christmas Pines consisting of twenty lots and one outlot on 5.0 gross acres is hereby approved, subject to Developer entering into a Development Contract with the City of Elko New Market and paying all fees and providing the security required under the terms of the Development Contract.

2. The Development Contract between the City and Developer is hereby approved and the assessments identified therein shall be allocated equally to each lot in the plat and payable pursuant to the terms of the Development Contract.

3. The Development costs of \$206,353.31 are hereby adopted and shall constitute a special assessment against the Property and hereby made part of this Resolution by reference and that Property is hereby found to be benefitted by the proposed improvements in the amount of the assessments levied against it.

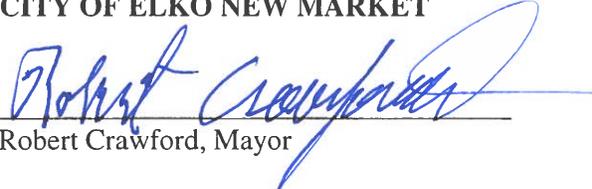
4. Such assessment shall be payable in equal annual installments extending over a period of 3 years, the first of the installments to be payable in 2019 and shall bear interest rate of 3% per annum from the date of the adoption of the assessment Resolution. To the first installment shall be added interest on the entire assessment from the date of this Resolution under December 31, 2018.

5. The Developer, at any time prior to certification of the assessment to the County Auditor, may pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this Resolution; and such owner may at any time thereafter, pay the City the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which such payment is made. Such payment must be made before November 15 or interest will be charged through December 31 of the next succeeding year. The owner may also at any time prior to November 15, of any year, pay the remaining unpaid principal balance with interest accrued to December 31 of the year in which such prepayment is made.

6. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

PASSED, ADOPTED AND APPROVED this 26th day of April, 2018.

CITY OF ELKO NEW MARKET


Robert Crawford, Mayor

ATTEST:


Sandra Green, Deputy City Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 19-20

**RESOLUTION OF THE ELKO NEW MARKET CITY COUNCIL
APPROVING A DEVELOPMENT CONTRACT AND
ADOPTING SPECIAL ASSESSMENTS FOR DEVELOPMENT COSTS AND AMENDING
RESOLUTION NO. 18-18**

WHEREAS, On Site Marketing Co., a Minnesota corporation (“Original Developer”) was the fee owner of real property in the County of Scott legally described as follows:

The North 466.70 of the East 466.70 feet (as measured at right angles to the North and East lines) of the Northeast Quarter of the Northeast Quarter of Section 28, Township 113, Range 21, Scott County, Minnesota (“Property”);

WHEREAS, by Resolution No. 18-18, the Elko New Market City Council approved the final plat for Christmas Pines and a Development Contract (“Original Development Contract”);

WHEREAS, neither the Developer nor the City executed the Original Development Contract and it remains unexecuted;

WHEREAS, Original Developer has conveyed its fee owner interest in the Property which is now owned by Archers Point Development, LLC (“Developer”) and has assigned all interest in the development to the developer;

WHEREAS, Developer is requesting approval of a revised Development Contract for the Christmas Pines plat;

WHEREAS, the City Council is willing to approve the revised Development Contract, attached hereto as Exhibit A (“Development Contract”);

NOW, THEREFORE, BE IT RESOLVED as follows:

1. Paragraphs 2-6 of City of Elko New Market Resolution No. 18-18 are amended to read as follows:
2. The Development Contract between the City and Developer attached hereto as Exhibit A is hereby approved and the assessments identified therein shall be allocated equally to each lot in the plat and payable pursuant to the terms of the Development Contract.
3. The Development fees of \$206,353.31 are hereby adopted and shall constitute a special assessment against the lots lying within the Property and hereby made part of this Resolution by reference and that the Property is found to benefitted by the proposed fees/improvements in the amount of the assessments levied against it.
4. Such assessment shall be payable in equal annual installments extending over a period of 3 years, the first of the installments to be payable in 2020 and shall bear interest at a rate of 3% per annum from the date of the adoption of the assessment Resolution. The first installment shall be added interest on the entire assessment from the date of this Resolution until December 31, 2019.

5. The Developer, at any time prior to certification of the assessment to the County Auditor, may pay the whole of the assessment on such property, with interest accrued to the date of payment, to the City, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this Resolution; and such owner may at any time thereafter, pay the City the entire amount of the assessment remaining unpaid, with interest accrued to December 31st of the year in which such payment is made. Such payment must be made before November 15th or interest will be charged through December 31st of the next succeeding year. The owner may also at any time prior to November 15th, of any year, pay the remaining unpaid principal balance with interest accrued to December 31st of the year in which such prepayment is made.

6. The City Clerk shall forthwith transmit a certified duplicate of this assessment to the County Auditor to be extended on the property tax lists of the County. Such assessments shall be collected and paid over in the same manner as other municipal taxes.

PASSED, ADOPTED AND APPROVED this 25th day of April, 2019.

CITY OF ELKO NEW MARKET



Joe Julius, Mayor

ATTEST:



Tom Terry, Acting City Clerk

Receipt:# 620736

DAG \$46.00

Return to:
CAMPBELL KNUTSON
860 BLUE GENTIAN ROAD
SUITE 230
EAGAN MN 55121

A1069888



Certified Filed and/or recorded on:

7/9/2019 2:27 PM

Office of the County Recorder
Scott County, Minnesota
Julie K. Hanson, County Recorder

(reserved for recording information)

DEVELOPMENT CONTRACT

(Developer Installed Improvements)

CHRISTMAS PINES

CONTRACT dated April 25, 2019, by and between the CITY OF ELKO NEW MARKET, a Minnesota municipal corporation ("City"), and Archer's Point Development, LLC, a Minnesota corporation (the "Developer").

1. **REQUEST FOR PLAT APPROVAL.** The Developer has asked the City to approve a plat for **CHRISTMAS PINES** (referred to in this Contract as the "plat"). The land is situated in the County of Scott, State of Minnesota, and is legally described as provide in Exhibit A attached hereto.

2. **CONDITIONS OF PLAT APPROVAL.** The City hereby approves the plat on condition that the Developer enter into this Contract, furnish the security required by it, and record the plat with the County Recorder or Registrar of Titles within 90 days after the City Council approves the final plat.

3. **RIGHT TO PROCEED.** Within the plat or land to be platted, the Developer may not grade or otherwise disturb the earth or remove trees, unless a grading permit has been approved by the City Engineer following approval of a preliminary plat by the City Council, construct sewer lines, water lines, streets, utilities, public or private improvements, or any buildings until all the following conditions have been satisfied: 1) this agreement has been fully executed by both parties and filed with the City Clerk, 2) the necessary security has been received by the City, 3) the necessary insurance for the Developer and its

construction contractors has been received by the City, and 4) the plat has been recorded with the Scott County Recorder or Registrar of Titles' office.

4. CHANGES IN OFFICIAL CONTROLS. For 2 years from the date of this Contract, no amendments to the City's Comprehensive Plan, except an amendment placing the plat in the current metropolitan urban service area, or official controls shall apply to or affect the use, development density, lot size, lot layout or dedications of the approved plat unless required by state or federal law or agreed to in writing by the City and the Developer. Thereafter, notwithstanding anything in this Contract to the contrary, to the full extent permitted by state law, the City may require compliance with any amendments to the City's Comprehensive Plan, official controls, platting or dedication requirements enacted after the date of this Contract.

5. DEVELOPMENT PLANS. The plat shall be developed in accordance with the following plans. The plans shall not be attached to this Contract. The City Engineer may approve minor amendments to Plan B without City Council approval. If the plans vary from the written terms of this Contract, the written terms shall control. The plans are:

Plan A – Plat, dated February 20, 2018

Plan B – Final Grading, Drainage, and Erosion Control Plan, dated April 9, 2018

Plan C - Plans and Specifications for Public Improvements, dated April 9, 2018

Plan D - Street Lighting Plan, dated February 20, 2018

Plan E - Landscape Plan, dated May 1, 2017

6. IMPROVEMENTS. The Developer shall install and pay for the following:

A. Sanitary Sewer System

B. Water System

C. Storm Sewer System

D. Streets

E. Concrete Curb and Gutter

F. Street Lights

- G. Site Grading, Stormwater Treatment/Infiltration Basins, and Erosion Control
- H. Underground Utilities
- I. Setting of Iron Monuments
- J. Surveying and Staking
- K. Sidewalks and Trails
- L. Signs

The improvements shall be installed in accordance with the City subdivision ordinance; City standard specifications and details for utility and street construction; the City Engineering Manual; and any other ordinances including Section 11-11-3 of the City Code concerning erosion and drainage and Section 5-5-2(C) restricting time frames for grading, construction activity, and the use of power equipment. The Developer shall submit plans and specifications which have been prepared by a competent registered professional engineer to the City for approval by the City Engineer. The Developer shall instruct its engineer to provide adequate field inspection personnel to assure an acceptable level of quality control to the extent that the Developer's engineer will be able to certify that the construction work meets the approved City standards as a condition of City acceptance. In addition, the City may, at the City's discretion and at the Developer's expense, have one or more City inspectors and a soil engineer inspect the work on a full or part-time basis. The Developer, its contractors and subcontractors, shall follow all instructions received from the City's inspectors. The Developer's engineer shall provide for on-site project management. The Developer's engineer is responsible for design changes and contract administration between the Developer and the Developer's contractor. The Developer or its engineer shall schedule a pre-construction meeting at a mutually agreeable time at the City with all parties concerned, including the City staff, to review the program for the construction work. Within thirty (30) days after the completion of the improvements and before the security is released, the Developer shall supply the City with a complete set of reproducible "as constructed" plans and an electronic file of the "as constructed" plans in an AutoCAD .DWG file or a .DXF file, and a PDF format, all prepared in accordance with City standards.

In accordance with Minnesota Statutes 505.021, the final placement of iron monuments for all lot corners must be completed before the applicable security is released. The Developer's surveyor shall also submit a written notice to the City certifying that the monuments have been installed following site grading, utility and street construction.

7. PERMITS. The Developer shall obtain or require its contractors and subcontractors to obtain all necessary permits, which may include:

- A. Scott County for County Road Access and Work in County Rights-of-Way
- B. Minnesota Department of Health for Watermains
- C. MPCA NPDES Permit for Construction Activity
- D. MPCA for Sanitary Sewer and Hazardous Material Removal and Disposal
- E. DNR for Dewatering
- F. City of Elko New Market for Building Permits
- G. MCES for Sanitary Sewer Connections
- H. City of Elko New Market for Retaining Walls

8. DEWATERING. Due to the variable nature of groundwater levels and stormwater flows, it will be the Developer's and the Developer's contractors and subcontractors responsibility to satisfy themselves with regard to the elevation of groundwater in the area and the level of effort needed to perform dewatering and storm flow routing operations. All dewatering shall be in accordance with all applicable county, state, and federal rules and regulations. DNR regulations regarding appropriations permits shall also be strictly followed.

9. TIME OF PERFORMANCE. The Developer shall install all required public improvements by November 30, 2019, with the exception of the final wear course of asphalt on streets. The final wear course on streets shall not be installed prior to 80% of the homes constructed within the Plat, but must be installed no later than October 15, 2021 and only between May 15th and October 15th. The final wear course on streets shall be installed no earlier than the summer after the base layer of asphalt has been in place one freeze thaw cycle. The Developer may, however, request an extension of time from the City. If an extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost

increases and the extended completion date. Final wear course placement outside of the time frames provided in this Section must have the written approval of the City Engineer.

10. LICENSE. The Developer hereby grants the City, its agents, employees, officers and contractors a license to enter the plat to perform all work and inspections deemed appropriate by the City in conjunction with plat development.

11. EROSION CONTROL. Prior to initiating site grading, the erosion control plan, Plan B, shall be implemented by the Developer and inspected and approved by the City. The City may impose additional erosion control requirements if they would be beneficial. All areas disturbed by the grading operations shall be stabilized per the MPCA Stormwater Permit for Construction Activity. Seed shall be in accordance with the City's current seeding specification which may include temporary seed to provide ground cover as rapidly as possible. All seeded areas shall be fertilized, mulched, and disc anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion. If the Developer does not comply with the MPCA Stormwater Permit for Construction Activity or with the erosion control plan and schedule or supplementary instructions received from the City, the City may take such action as it deems appropriate to control erosion. The City will endeavor to notify the Developer in advance of any proposed action, but failure of the City to do so will not affect the Developer's and City's rights or obligations hereunder. If the Developer does not reimburse the City for any cost the City incurred for such work within ten (10) days, the City may draw down the letter of credit to pay any costs. No development, utility or street construction will be allowed and no building permits will be issued unless the plat is in full compliance with the approved erosion control plan.

12. GRADING. The plat shall be graded in accordance with the approved grading development and erosion control plan, Plan "B". The plan shall conform to City of Elko New Market specifications. Within thirty (30) days after completion of the grading and before the City approves individual building permits (except 2 model home permits on lots pursuant as provided herein), the Developer shall provide the City with an "as constructed" grading plan certified by a registered land surveyor or engineer that all storm water treatment/infiltration basins and swales, have been constructed on public easements or land owned by the

City. The "as constructed" plan shall include field verified elevations of the following: a) cross sections of storm water treatment/infiltration basins; b) location and elevations along all swales, wetlands, wetland mitigation areas if any, locations and dimensions of borrow areas/stockpiles, and installed "conservation area" posts; and c) lot corner elevations and house pads, and all other items listed in City Code. The City will withhold issuance of building permits until the approved certified grading plan is on file with the City and all erosion control measures are in place as determined by the City Engineer. The Developer certifies to the City that all lots with house footings placed on fill have been monitored and constructed to meet or exceed FHA/HUD 79G specifications. The soils observation and testing report, including referenced development phases and lot descriptions, shall be submitted to the Building Official for review prior to the issuance of building permits.

13. CLEAN UP. The Developer shall clean dirt and debris from streets that has resulted from construction work by the Developer, home builders, subcontractors, their agents or assigns. Prior to any construction in the plat, the Developer shall identify in writing a responsible party and schedule for erosion control, street cleaning, and street sweeping.

14. OWNERSHIP OF IMPROVEMENTS. Upon completion of the work and construction required by this Contract and final acceptance by the City, the improvements lying within public easements shall become City property without further notice or action.

15. CITY ENGINEERING ADMINISTRATION, CONSTRUCTION OBSERVATION AND RECORD DRAWINGS. The Developer shall pay for city engineering and construction observation performed by the City Engineer, that shall include part or full time inspection of proposed public utilities and street construction, and City engineering administration, that will include monitoring of construction observation, consultation with Developer and its engineer on status or problems regarding the project, coordination for final inspection and acceptance, project monitoring during the warranty period, and processing of requests for reduction in security, and for preparation of record drawings. Fees for this service shall be on hourly rates estimated to be ten percent (10%) of estimated construction costs identified in the Summary of Security Requirements if using a letter of credit, assuming normal construction and project.

16. **STORM WATER TRUNK FEE.** The Plat is subject to a storm sewer trunk fee of \$11,891.71. The area charge is based on the gross area of the final plat (5.0 acres) less the area of the right-of-way dedicated for County Roads 2 and 91 (1.32 acres) and less the area of the wetland located on Outlot A (.29 acres), and is calculated as follows:

$$3.39 \text{ acres} \times \$3,507.88/\text{acre} = \mathbf{\$11,891.71}$$

The Developer shall pay the storm sewer area trunk fee in cash at the time of final plat approval. If Developer does not pay the storm sewer area trunk fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

17. **SANITARY SEWER TRUNK FEE.** The Plat is subject to a sanitary sewer trunk fee of \$81,120.00. The charge is based on the number of units within the plat and is calculated as follows:

$$20 \text{ dwelling units} \times \$4,056.00/\text{unit} = \mathbf{\$81,120.00}$$

The Developer must pay the sanitary sewer trunk fee in cash at the time of final plat approval. If Developer does not pay the sanitary sewer trunk fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

18. WATER TRUNK FEE. The Plat is subject to a water trunk fee of \$72,300.00. The charge is based on the number of units within the plat and is calculated as follows:

$$20 \text{ units} \times \$3,615.00/\text{unit} = \mathbf{\$72,300.00}$$

The Developer shall pay this charge in cash at the time of final plat approval. If Developer does not pay the water trunk fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

19. CONSTRUCTION ACCESS. Construction traffic access and egress for grading, public utility construction, and public street construction is restricted to access the subdivision via the existing curb cut into the property from County Road 2. Developer shall obtain any necessary permits from Scott County for access to the Property using County Roads.

20. PARK DEDICATION. The Developer shall pay a cash contribution of \$40,000.00 in satisfaction of the City's park dedication requirements at the time of final plat approval. The charge was calculated as follows:

$$20 \text{ lots} \times \$2,000 \text{ per dwelling unit} = \$40,000.00$$

If Developer does not pay the park dedication fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed

the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

21. SIDEWALKS AND TRAILS. Developer shall construct approximately 180 lineal feet of 8' wide bituminous trail leading from Dorothy Lane to the County Road 2 sidewalk at Developer's cost. The estimated cost of trail construction is \$10,000.00. The developer shall provide to the City a security in the amount of \$10,000.00 to ensure completion of the trail and an easement for the trail which will require Developer or future property owner to provide all future maintenance, repair, reconstruction and snow clearing consistent with City standards for City trails.

22. TRAFFIC CONTROL SIGNS AND STREET LIGHT OPERATION COSTS.

A. The Developer shall provide to the City a security in the amount of \$2,500.00 for installation of traffic control signs. The security amount is based on estimated signage costs provided by the Developer's Engineer.

B. Developer shall provide to the City \$1,041.60 in payment of the first year operating costs for street lights at the time of final plat approval. The fee was calculated as follows:

$$20 \text{ lots} \times \$4.34 \text{ per month} = \$86.80 \times 12 \text{ months} = \$1,041.60.$$

If Developer does not pay the street light operation fee in cash at the time of final plat approval, the charge shall be assessed against the lots (not outlots) in the plat with interest on the unpaid balance calculated at three percent (3%) per annum and shall be paid upon the sale of each lot, but not later than three (3) years after the adoption of the assessment. The assessment shall be deemed adopted on the date this Agreement is signed by the City. The assessments may be prepaid at any time. The Developer waives any and all procedural and substantive objections to the assessments including any claim that the assessments exceed the benefit to the property. The Developer waives any appeal rights otherwise available pursuant to MSA 429.081.

23. BUFFER YARD BERM/LANDSCAPE SCREEN. City zoning and subdivision ordinances require the installation of a buffer yard berm/landscape screen for the eleven (11) lots that abut County Roads 2 and 91. Before the City signs the final plat, the Developer shall post a security of \$15,000.00 to

guarantee the installation of the buffer yard berm/landscape screen in accordance with the approved landscape plan.

- 24. SPECIAL PROVISIONS.** The following special provisions shall apply to plat development:
- A. Implementation of the recommendations listed in the March 29, 2017, Engineering Report.
 - B. Implementation of conditions of preliminary plat as listed in City Council resolution #17-42 adopted June 26, 2017.
 - C. Implementation of regulations of rezoning as listed in City Ordinance #156 adopted June 26, 2017.
 - D. Prior to City Council approval of the final plat, the Developer shall furnish a boundary survey of the proposed property to be platted with all property corner monumentation in place and marked with lath and a flag. Any encroachments on or adjacent to the property shall be noted on the survey. Pursuant to City Code Section 12-10-2(E), the Developer shall post a \$2,100.00 security for the final placement of interior subdivision iron monuments at property corners. The security will be held by the City until the Developer's land surveyor certifies that all irons have been set following site grading and utility and street construction. In addition, the certificate of survey must also include a certification that all irons for a specific lot have either been found or set prior to the issuance of a building permit for that lot.
 - E. The Developer shall be responsible for the cost of street light installation consistent with a street lighting plan approved by the City. Before the City signs the final plat, the Developer shall post a security for street light installation consistent with the approved plan. The estimated amount of this security is \$1,000.00 for one light pole.
 - F. Pedestrian Trail. Maintenance, reconstruction and snow clearing of the pedestrian route through the development must be handled by the homeowners association and reflected in the homeowner's association documents.

G. Cul-De-Sac Island. Mowing of the perimeter of the infiltration basin located within the Dorothy Lane cul-de-sac island will be the responsibility of the homeowners association and reflected in the homeowner's association documents.

H. Homeowner Association documents consistent with this provisions of this Contract must be reviewed and approved by the City Attorney and recorded simultaneously with the final plat.

25. SUMMARY OF CONSTRUCTION SECURITY REQUIREMENTS. To guarantee compliance with the terms of this Contract, payment of real estate taxes including interest and penalties, payment of special assessments, payment of the costs of all public improvements, and construction of all public improvements, the Developer shall furnish the City with a cash escrow, letter of credit, in the form attached hereto, from a bank ("security") for \$411,100.00. The amount of the security was calculated as follows and reflects work already completed within the development:

CONSTRUCTION COSTS:

A. Sanitary Sewer	\$ 93,000.00
B. Watermain	\$ 82,000.00
C. Storm Sewer/Draintile	\$ 46,900.00
D. Streets	\$ 37,000.00
E. Erosion Control/Stormwater Basins, Restoration, Grading Certification	\$ 2,000.00
E. Site Preparation and Grading	\$ 10,000.00
F. Trail Construction	\$ 10,000.00
CONSTRUCTION SUB-TOTAL	\$280,000.00

OTHER COSTS:

A. City Legal Expenses (Est. 1%)	\$ 280.00
B. City Construction Observation, Engineering Administration And Record Drawings (Est. 10.0%)	\$ 28,000.00
C. Landscaping/Berming	\$ 15,000.00
D. Street Light Installation	\$ 1,000.00
E. Lot Corners/Iron Monuments	\$ 2,100.00
F. Traffic Signs	\$ 2,500.00
OTHER COSTS SUB-TOTAL	\$ 48,880.00

SUBTOTAL SECURITIES:	\$328,880.00
TOTAL SECURITIES (Cost plus 25%)	\$411,100.00

This breakdown is for historical reference; it is not a restriction on the use of the security. The bank shall be subject to the approval of the City Administrator. The City may draw down the security, on five (5) business days written notice to the Developer, for any violation of the terms of this Contract or without notice if the security is allowed to lapse prior to the end of the required term. If the required public improvements are not completed at least thirty (30) days prior to the expiration of the security, the City may also draw it down without notice. If the security is drawn down, the proceeds shall be used to cure the default. Upon receipt of proof satisfactory to the City that work has been completed and financial obligations to the City have been satisfied, with City approval the security may be reduced from time to time by the value of the work to be done or the financial obligations that have been satisfied taking into consideration the amount determined by the City for the costs of the remaining improvements and financial obligations, except as further provided herein. Security shall not be reduced to less than 25% of the original security amount until all improvements have been completed, all financial obligations to the City satisfied, the required "as constructed" plans have been received by the City, a warranty security is provided, and the public improvements are accepted by the City Council. The City's standard specifications for utility and street construction outline procedures for security reductions.

26. WARRANTY. The Developer warrants all improvements required to be constructed by it pursuant to this Contract against poor material and faulty workmanship. The warranty period for streets is one year after the final wear course has been installed and accepted by the City Council, which acceptance shall not be unreasonably withheld, conditioned or delayed. The warranty period for underground utilities is two years and shall commence following completion and acceptance by City Council, which shall not be unreasonably withheld, conditioned or delayed.. The Developer shall post maintenance bonds in the amount of twenty-five percent (25%) of final certified construction costs to secure the warranties. The City shall

retain 25% of the security posted by the Developer until the maintenance bonds are furnished to the City or until the warranty period expires, whichever first occurs. The retainage may be used to pay for warranty work. The City's standard specifications for utility and street construction identify the procedures for final acceptance of streets and utilities.

27. RESPONSIBILITY FOR COSTS.

- A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the development of the plat, including but not limited to, legal, planning, engineering and construction observation inspection expenses incurred in connection with approval and acceptance of the plat, the preparation of this Contract, review of construction plans and documents, and all costs and expenses incurred by the City in monitoring and inspecting development of the plat.
- B. The Developer shall hold the City and its officers, employees, and agents harmless from claims made by itself and third parties for damages sustained or costs incurred resulting from plat approval and development. The Developer shall indemnify the City and its officers, employees, and agents for all costs, damages, or expenses which the City may pay or incur in consequence of such claims, including attorneys' fees.
- C. The Developer shall reimburse the City for costs incurred in the enforcement of this Contract, including engineering and attorneys' fees.
- D. The Developer shall pay, or cause to be paid when due, and in any event before any penalty is attached, all special assessments referred to in this Contract. This is a personal obligation of the Developer and shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it.
- E. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under this Contract within thirty (30) days after receipt. If the bills are not paid on time, the City may halt plat development and construction until the bills are paid in full. Bills not paid within thirty (30) days shall accrue interest at the rate of eighteen percent (18%) per year. Additionally, the

Developer shall pay in full all bills submitted to it by the City prior to any reductions in the security for the development.

- F. In addition to the charges and special assessments referred to herein, other charges and special assessments may be imposed at the time of the building permit for each lot, such as but not limited to, sewer availability charges ("SAC"), City water connection charges, City sewer connection charges, and building permit fees.

28. DEVELOPER'S DEFAULT. In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, and after a thirty (30) day notice to Developer if the default remain, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, provided the Developer, except in an emergency as determined by the City, is first given notice of the work in default, not less than forty-eight (48) hours in advance. This Contract is a license for the City to act, and it shall not be necessary for the City to seek a Court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part.

29. MISCELLANEOUS.

- A. The Developer represents to the City that the plat complies with all city, county, metropolitan, state, and federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances, and environmental regulations. If the City determines that the plat does not comply, the City may, at its option, refuse to allow construction or development work in the plat until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.
- B. The Developer and the City do not intend any third party beneficiary rights and this Contract is intended to bind and benefit only the Developer and the City. Third parties shall have no recourse against the City under this Contract.
- C. Breach of the terms of this Contract by the Developer shall be grounds for denial of building permits, including lots sold to third parties.

- D. If any portion, section, subsection, sentence, clause, paragraph, or phrase of this Contract is for any reason held invalid, such decision shall not affect the validity of the remaining portion of this Contract.
- E. Grading, curbing, and one lift of asphalt shall be installed on all public and private streets prior to issuance of any building permits, except two model homes on lots acceptable to the Building Official. Approval of an administrative permit in compliance with Section 11-5-10 of the City's zoning ordinance is required prior to the construction of any model homes.
- F. If building permits are issued prior to the acceptance of public improvements, the Developer assumes all liability and costs resulting in delays in completion of public improvements and damage to public improvements caused by the City, Developer, its contractors, subcontractors, material men, employees, agents, or third parties. No sewer and water connections or inspections may be conducted and no one may occupy a building for which a building permit is issued on either a temporary or permanent basis until the streets needed for access have been paved with a bituminous surface and the utilities are accepted by the City Engineer.
- G. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Contract. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the City Council. The City's failure to promptly take legal action to enforce this Contract shall not be a waiver or release.
- H. This Contract shall run with the land and may be recorded against the title to the property. In the event this Contract is recorded, the City covenants to provide a recordable Certificate of Completion promptly upon the completion of the work and responsibilities required herein, payment of all costs and fees required and compliance with all terms of the Contract. The Developer covenants with the City, its successors and assigns, that the Developer is well seized in fee title of the property being final platted and/or has obtained consents to this Contract, in the form attached hereto, from all parties who have an interest in the property; that there are no unrecorded interests in the property being final platted; and that the Developer will indemnify and

hold the City harmless for any breach of the foregoing covenants. After the Developer has completed the Improvements required of it under this Agreement and all obligations under the terms of the Development Contract have been met, including all financial obligations, at the Developer' s request the City will execute and deliver a termination of this Agreement (in recordable form) and a release of the Developer.

- I. Insurance. Prior to execution of the final plat, Developer and its general contractor shall furnish to the City a certificate of insurance showing proof of the required insurance required under this Paragraph. Developer and its general contractor shall take out and maintain or cause to be taken out and maintained until six (6) months after the City has accepted the public improvements, such insurance as shall protect Developer and its general contractor and the City for work covered by the Contract including workers' compensation claims and property damage, bodily and personal injury which may arise from operations under this Contract, whether such operations are by Developer and its general contractor or anyone directly or indirectly employed by either of them. The minimum amounts of insurance shall be as follows:

Commercial General Liability (or in combination with an umbrella policy)

\$2,000,000 Each Occurrence

\$2,000,000 Products/Completed Operations Aggregate

\$2,000,000 Annual Aggregate

The following coverages shall be included:

Premises and Operations Bodily Injury and Property Damage

Personal and Advertising Injury

Blanket Contractual Liability

Products and Completed Operations Liability

Automobile Liability

\$2,000,000 Combined Single Limit – Bodily Injury & Property Damage

Including Owned, Hired & Non-Owned Automobiles

Workers Compensation

Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota, including Employer's Liability with minimum limits are as follows:

- \$500,000 – Bodily Injury by Disease per employee
- \$500,000 – Bodily Injury by Disease aggregate
- \$500,000 – Bodily Injury by Accident

The Developer's and general contractor's insurance must be "Primary and Non-Contributory".

All insurance policies (or riders) required by this Contract shall be (i) taken out by and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of Minnesota, (ii) shall name the City, its employees and agents as additional insureds (CGL and umbrella only) by endorsement which shall be filed with the City. A copy of the endorsement must be submitted with the certificate of insurance.

Developer's and general contractor's policies and Certificate of Insurance shall contain a provision that coverage afforded under the policies shall not be cancelled without at least thirty (30) days' advanced written notice to the City, or ten (10) days' notice for non-payment of premium.

An Umbrella or Excess Liability insurance policy may be used to supplement Developer's or general contractor's policy limits on a follow-form basis to satisfy the full policy limits required by this Contract.

- J. Indemnification. To the fullest extent permitted by law, Developer agrees to defend, indemnify and hold harmless the City, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of Developer's negligence or its performance or failure to perform its obligations under this Contract. Developer's indemnification obligation shall apply to Developer's general contractor, subcontractor(s), or anyone directly or indirectly employed or hired by Developer, or anyone for whose acts Developer may be liable. Developer agrees this indemnity obligation shall survive the completion or termination of this Contract.
- K. Each right, power or remedy herein conferred upon the City is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to City, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order

as may be deemed expedient by the City and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy.

L. The Developer may not assign this Contract without the written permission of the City Council. The Developer's obligation hereunder shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it, until the City's issuance of a Certificate of Completion and Release.

M. Should the Developer convey any lot or lots in the Development to a third party, the City and the owner of that lot or those lots may amend this Development Contract or other city approvals or agreements for development or use of those lots without the approval or consent of the Developer or other lot owners in the Development. Private agreements between the owners of lots within the Development for shared service or access and related matters necessary for the efficient use of the Development shall be the responsibility of the lot owners and shall not bind or restrict City authority to approve applications from any lot owner in the Development.

30. NOTICES. Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees or agents, or mailed to the Developer by certified mail at the following address: Archer's Point Development, LLC, 20520 Keokuk Avenue, LL50, Lakeville, MN 55044. Notices to the City shall be in writing and shall be either hand delivered to the City Administrator, or mailed to the City by certified mail in care of the City Administrator at the following address: 601 Main Street, Elko New market, MN 55020.

*[The remainder of this page has been intentionally left blank.
Signature pages follow.]*



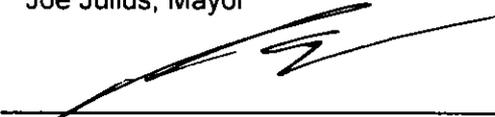
CITY OF ELKO NEW MARKET

BY:



Joe Julius, Mayor

AND



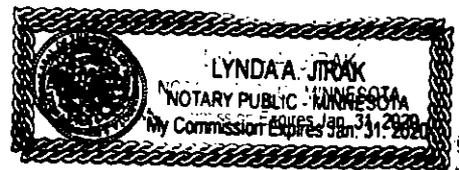
Thomas Terry, Acting City Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this 25th day of April, 2019, by Joe Julius and by Thomas Terry, the Mayor and City Clerk of the City of Elko New Market, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

Lynda A. Jirak

NOTARY PUBLIC



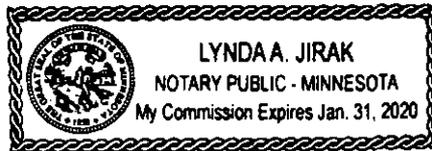
DEVELOPER:
Archer's Point Development, LLC.

BY: 
Its _____

STATE OF MINNESOTA)
)ss.
COUNTY OF Scott)

The foregoing instrument was acknowledged before me this 10th day of June, 2019, by Garry Tupy the President of Archer's Point Development, LLC, a Minnesota limited liability company, on its behalf.

Lynda A. Jirak
NOTARY PUBLIC



DRAFTED BY:
CAMPBELL, KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, MN 55121
Telephone: 651-452-5000
AMP/cjh

EXHIBIT A

The North 466.70 of the East 466.70 feet (as measured at right angles to the North and East lines) of the Northeast Quarter of the Northeast Quarter of Section 28, Township 113, Range 21, Scott County, Minnesota.

[BANK LETTERHEAD]

IRREVOCABLE LETTER OF CREDIT

No. _____

Date: _____

TO: City of Elko New Market
601 Main Street
Elko New Market, Minnesota 55020

Dear Sir or Madam:

We hereby issue, for the account of _____ (Name of Developer) and in your favor, our Irrevocable Letter of Credit in the amount of \$ _____, available to you by your draft drawn on sight on the undersigned bank.

The draft must:

a) Bear the clause, "Drawn under Letter of Credit No. _____, dated _____, 2 _____, of _____ (Name of Bank)";

b) Be signed by the City Administrator of the City of Elko New Market.

c) Be presented for payment at _____ (Address of Bank), on or before 4:00 p.m. on November 30, 2_____.

This Letter of Credit shall automatically renew for successive one-year terms unless, at least forty-five (45) days prior to the next annual renewal date (which shall be November 30 of each year), the Bank delivers written notice to the Elko New Market City Administrator that it intends to modify the terms of, or cancel, this Letter of Credit. Written notice is effective if sent by certified mail, postage prepaid, and deposited in the U.S. Mail, at least forty-five (45) days prior to the next annual renewal date addressed as follows: Elko New Market City Administrator, Elko New Market City Hall, 601 Main Street, Elko New Market, MN 55020, and is actually received by the Finance Director at least thirty (30) days prior to the renewal date.

This Letter of Credit sets forth in full our understanding which shall not in any way be modified, amended, amplified, or limited by reference to any document, instrument, or agreement, whether or not referred to herein.

This Letter of Credit is not assignable. This is not a Notation Letter of Credit. More than one draw may be made under this Letter of Credit.

This Letter of Credit shall be governed by the most recent revision of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600.

We hereby agree that a draft drawn under and in compliance with this Letter of Credit shall be duly honored upon presentation.

[NAME OF BANK]

BY: _____

Its _____

Plat: Christmas Pines

(#23063)

New Parcel #s	Legal Description	
	Lot	Block
230630010	1	1
230630020	2	1
230630030	3	1
230630040	4	1
230630050	5	1
230630060	6	1
230630070	7	1
230630080	8	1
230630090	1	2
230630100	2	2
230630110	3	2
230630120	1	3
230630130	2	3
230630140	3	3
230630150	1	4
230630160	2	4
230630170	3	4
230630180	4	4
230630190	5	4
230630200	6	4
230630210	A	Outlot

**Christmas Pines - Assessments for Development Fees
Approved by Elko New Market City Council 4/25/19**

PID #			Stormwater Trunk Fee	Sanitary Sewer Trunk Fee	Water Trunk Fee	Park Fee	Street Light Costs	Total Per Lot
230630010	Lot	1	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630020	Lot	2	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630030	Lot	3	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630040	Lot	4	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630050	Lot	5	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630060	Lot	6	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630070	Lot	7	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630080	Lot	8	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630090	Lot	9	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630100	Lot	10	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630110	Lot	11	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630120	Lot	12	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
230630130	Lot	13	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630140	Lot	14	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630150	Lot	15	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630160	Lot	16	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630170	Lot	17	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630180	Lot	18	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630190	Lot	19	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66
230630200	Lot	20	\$594.58	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.66

\$11,891.71	\$81,120.00	\$72,300.00	\$40,000.00	\$1,041.60	\$206,353.31
5.76%	39.31%	35.04%	19.38%	0.50%	100.00%

Original Assessments	Stormwater Trunk Fee	Sanitary Sewer Trunk Fee	Water Trunk Fee	Park Fee	Street Light Costs	Total Per Lot
Total Assessment Per Lot	\$594.59	\$4,056.00	\$3,615.00	\$2,000.00	\$52.08	\$10,317.67
Percent of Total Assessment	5.76%	39.31%	35.04%	19.38%	0.50%	100.00%

Assessments Paid With 2020 Taxes \$66,761.60

\$3,847.36	\$26,244.79	\$23,391.25	\$12,941.22	\$336.99	\$66,761.60
5.76%	39.31%	35.04%	19.38%	0.50%	100.00%

Balance After 2020 Taxes Are Paid \$139,591.71

\$8,044.44	\$54,875.18	\$48,908.72	\$27,058.77	\$704.61	\$139,591.71
5.76%	39.31%	35.04%	19.38%	0.50%	100.00%



STAFF MEMORANDUM

SUBJECT:	Amending Resolution 18-03 Concerning Appointment of Planning Commissioners and Parks & Recreation Commissioner
MEETING DATE:	May 14, 2020
PREPARED BY:	Lynda Jirak, Deputy Clerk
REQUESTED ACTION:	Approve Resolution 20-31 Amending Resolution 18-03 Concerning Appointment of Planning Commissioners and Parks & Recreation Commissioner

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

The Planning and Parks and Recreation Commissioners serve three year staggered terms which expire at the end of March. In 2018, Planning Commissioners Steve Thompson and Brad Smith along with Parks and Recreation Commissioner Emily Dornseif were reappointed to three year terms which should have expired March 31, 2021. When Resolution 18-03 and Staff Memorandum were presented to the City Council on January 11, 2018, there was an error in the date for the terms of these Commissioners. The date of the term expiration for the Commissioners was expire March 31, 2020 and should have been March 31, 2021. Commissioner Steve Thompson has since resigned his position. Melissa Hanson was appointed to fulfill the balance of Commissioner Thompson's unexpired term and the date was corrected to March 31, 2021. However, the terms for Commissioners Smith and Dornseif were not corrected.

DISCUSSION:

The City Council is being asked to adopt Resolution 20-31 correcting the terms of Planning Commissioner Smith and Parks and Recreation Commissioner Dornseif to expire on March 31, 2021.

Attachments:

- Resolution 20-31 Amending Resolutions 18-03 concerning appointments of Planning Commissioner and Parks & Recreation Commissioner

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 20-31

**RESOLUTION AMENDING RESOLUTION 18-03 CONCERNING APPOINTMENTS
OF PLANNING COMMISSIONER AND PARKS AND RECREATION
COMMISSIONER**

WHEREAS, Resolution 18-03 reappointed planning commissioners and a parks and recreation commissioner to new terms on the Planning Commission and Parks and Recreation Commission but erroneously provided the extent of those terms;

WHEREAS, the terms of Planning Commissioners Steve Thompson and Brad Smith expired March 31, 2018; and

WHEREAS, the term of Parks & Recreation Commissioner Emily Dornseif expired March 31, 2018; and

WHEREAS, Steve Thompson resigned his possession as a Planning Commissioner effective September 25, 2018 and Resolution No. 18-70 correctly identified the term of Steve Thompson in appointing Melissa Hanson to fulfill the relevant term;

WHEREAS, the City Council for the City of Elko New Market is authorized to appoint members to the Elko New Market Planning Commission and Parks & Recreation Commission; and

WHEREAS, the individuals identified in this Resolution desire to be appointed to the positions and for the terms identified;

WHEREAS, this resolution is intended to amend and restate Resolution No. 18-70 to correct the references to the new terms;

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Elko New Market, Minnesota:

1. Brad Smith is hereby reappointed to the Elko New Market Planning Commission for a three year term ending March 31, 2021.
2. Emily Dornseif is hereby reappointed to the Elko New Market Parks & Recreation Commission for a three year term ending March 31, 2021.

ADOPTED this 14th day of May, 2020 by the City Council of the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/City Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

RESOLUTION NO. 20-32

**RESOLUTION APPOINTING MEMBERS TO THE
PARKS AND RECREATION COMMISSION**

WHEREAS, the terms of Parks and Recreation Commissioners Mike Sutton and Eve Zahratka expires March 31, 2020; and

WHEREAS, the City Council for the City of Elko New Market is authorized to appoint members to the Elko New Market Parks and Recreation Commission; and

WHEREAS, a Committee appointed by the Elko New Market City Council interviewed candidates for the vacant positions on the Parks and Recreation Commission and has selected Mike Sutton for reappointment and Dawn Vernon for appointment to the Parks & Recreation Commission and determined that they are eligible to act as members of the Elko New Market Parks and Recreation Commission.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Elko New Market, Minnesota:

Mike Sutton is hereby reappointed to the Elko New Market Parks and Recreation Commission for a three-year term ending March 31, 2023.

Dawn Vernon is hereby appointed to the Elko New Market Parks and Recreation Commission for a three-year term ending March 31, 2023.

ADOPTED this 14th day of May, 2020 by the City Council of the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Tom Terry, City Administrator/Clerk



STAFF MEMORANDUM

SUBJECT:	Appointment of Parks and Recreation Commission Members
MEETING DATE:	May 14, 2020
PREPARED BY:	Mark Nagel, Assistant City Administrator
REQUESTED ACTION:	Adopt Resolution 20-32 Appointing Members to the Parks and Recreation Commission

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

The Parks & Recreation Commissioners serve three-year staggered terms which expire at the end of March. In 2020, the terms will expire for Parks and Recreation Commissioners Mike Sutton and Eve Zahratka.

DISCUSSION:

In February, Staff requested Council direction on whether to reappoint the current Commissioners or post the positions. Council directed Staff to accept applications for the two (2) openings. The Council appointed a Committee consisting of Councilmembers Timmerman and Novak, along with Assistant City Administrator Nagel, to interview the three applicants. Those interviews were conducted on Friday, April 24th at City Hall. After further discussion on Monday, April 27th, the Committee is recommending that Mike Sutton be reappointed and Dawn Vernon be appointed to the Parks and Recreation Commission.

Council is being asked to adopt Resolution 20-32 reappointing Mike Sutton and appointing Dawn Vernon to the Parks and Recreation Commission for a three-year term ending on March 31, 2023 or until a replacement is appointed.

Attachment:

Resolution 20-32 Appointing Members to the Parks and Recreation Commission



STAFF MEMORANDUM

SUBJECT:	Application for Grading Permit
MEETING DATE:	May 14, 2020
PREPARED BY:	Renee Christianson, Community Development Specialist
REQUESTED ACTION:	Approve R & F Properties Grading Permit

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

R & F Properties (AKA Elko Speedway) submitted an application for grading permit to allow fill to be placed in a certain area within their property. R & F Properties applied for, and was granted, the exact same permit in 2019. The permit was granted for a one year period of time but the fill/grading was not completed and the permit expired on April 25, 2020. The applicant is now applying for another grading permit to complete the same work as originally intended.

The area in which they are proposing to fill was formerly known as the motocross track, and is currently designated as an overflow parking area. Elko Speedway operates by way of Planned Unit Development (PUD) zoning. This is a special zoning district that allows uses not typical to a traditional zoning district. Elko Speedway, and the uses that occur on the overall property, have continued to change and evolve over the years. The PUD was completely amended and restated on March 23, 2017. The restated PUD outlines all of the permitted uses on the site and well as approved site plans.

The area in which R & F Properties is currently proposing to place fill is designated as an overflow parking area (South Lot) on the approved PUD (see attached drawings). The area is used for overflow parking approximately once each year, typically during the Eve of Destruction event. This could change from year to year depending on the events that are scheduled at the track. However, in recent years the area has been used on average once per year. A portion of the area is also utilized for the parking of construction equipment associated with Ryan Contracting.

Section 11-3-5 (F) and 11-3-1 of the City Code require that for grading permit applications involving 1,000 cubic yards of fill or more, the application must be reviewed by the Planning Commission. On April 28, 2020 the Elko New Market Planning Commission considered the application, and has recommended approval of the request with conditions, as follows:

- 1) Approval is based on the grading plan containing 1 sheet, prepared by Probe Engineering, dated 4/10/19 and revised 4/16/19.
- 2) Approval is based on the Storm Water Pollution Prevention Plan containing 10 sheets, prepared by Probe Engineering, and dated 4/16/19.
- 3) The applicant shall comply with all recommendations of the City Engineer.
- 4) The applicant shall enter into a Grading Authorization Permit with the City.
- 5) Fill shall be stockpiled until it can be equally spread over the entire overflow parking area; the required overflow parking area must be maintained and usable throughout the summer months.
- 6) All access to the site for purposes of filling and grading shall be via France Avenue through the R & F Properties property. No access to the site shall occur on Whispering Hills Lane.
- 7) Fill shall be leveled and the site shall be fully stabilized by the end of the construction season, 2020.
- 8) The permit shall be granted for a period not to exceed one-year in length.

The application has been reviewed by the City Engineer and he has recommended approval in his memorandum dated April 22, 2019.

Staff and the Planning Commission have recommended that the site be stabilized by November 30, 2020 and that the permit be approved for a one year period of time. The

applicant understands the recommendation and accepts the stipulation and term of the proposed grading permit.

CITY ATTORNEY RECOMMENDATION:

The City Attorney has reviewed all information relating to the request, has drafted the attached grading permit, and is recommending that the City Council approve the grading permit.

REQUESTED ACTION:

The City Council is being asked to approve the attached grading permit for R & F Properties.

Attachments:

(Draft) Grading Permit (201905v3), including grading & erosion control plan and SWPPP plan

(Draft) Planning Commission Minutes - 4/28/20

City Engineer Memorandum – 4/22/19





GRADING PERMIT

PERMIT dated _____, issued by the **CITY OF ELKO NEW MARKET**, a Minnesota political subdivision ("City"), **R&F PROPERTIES, LLC**, a Minnesota limited liability company ("Developer").

1. Request for Grading Permit. The Developer has asked the City to approve a grading permit to allow fill to be placed on a portion of the land legally described on Exhibit A attached hereto ("Subject Property").

2. Conditions of Approval. The City hereby approves the permit on condition that the Developer abide by its terms and furnish the security required by it.

3. Plans. The Subject Property shall be graded in accordance with the following plans on file with the City:

Plan A -- Grading and Erosion Control Plan, prepared by Probe Engineering Co., Inc., dated April 10, 2019

Plan B – Stormwater Pollution Prevention Plan for Overflow Parking Area (Elko Market Place), prepared by Probe Engineering Co., Inc., dated April 16, 2019

4. Time of Performance. The Developer shall complete the grading and erosion control in the Subject Property by May 13, 2021. The Developer may, however, request an extension of time from the City. If an extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost increases and the extended completion date.

5. Erosion Control. Plan A shall be implemented by the Developer and inspected and approved by the City. The City may impose additional erosion control requirements if they would be beneficial. All areas disturbed by the excavation and backfilling operations shall be reseeded within 14 days after the completion of the work in that area. Except as otherwise provided in the erosion control plan, seed shall be rye grass or other fast-growing seed suitable to the existing soil to provide a temporary ground cover as rapidly as possible. All seeded areas shall be mulched and disc anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion. If the Developer does not comply with the erosion control plan and schedule or supplementary instructions received from the City, the City may take such action as it deems appropriate to control erosion. The City will endeavor to notify the Developer in advance of any proposed action, but failure of the City to do so will not affect the Developer's and City's rights or obligations hereunder. If the Developer does not reimburse the City for any cost the City incurred for such work within thirty (30) days, the City may draw down the financial securities to pay any costs. No development will be allowed and no building permits will be issued unless the property is in full compliance with the erosion control requirements.

6. Grading Plan. The Subject Property shall be graded in accordance with the grading plan, Plan A. Well established vegetation over 95% or more of the area shall be required at completion of the grading. Within thirty (30) days after completion of the grading and before the City releases the

security, the Developer shall provide the City with an "as constructed" grading plan and a certification by a registered land surveyor or engineer that all ponds, swales, and ditches have been constructed on public easements or land owned by the City.

7. **Special Conditions.** As a condition to the issuance of this Grading Permit, Developer shall comply with the following:

- A. Fill shall be stockpiled solely in the area identified in the grading plan which is located within a portion of the West Lot of the Overflow Parking Area until the fill can be equally spread over the entire West lot of the Overflow Parking Area. The Overflow Parking Area is attached hereto as Exhibit B.
- B. The West Lot Overflow Parking Area must be maintained and usable throughout the summer months.
- C. All access to the West Lot for purposes of filling and grading shall be via France Avenue through the Subject Property. No access to the West Lot for purposes of this grading permit shall occur on Whispering Hills Lane.
- D. Fill shall be leveled and the site shall be fully stabilized by November 30, 2020.

8. **Clean up.** The Developer shall promptly clean dirt and debris from streets that has resulted from construction work by the Developer, its agents or assigns.

9. **Security.** To guarantee compliance with the terms of this permit, the Developer shall furnish the City with a cash escrow or irrevocable letter of credit, in the form attached hereto, from a bank ("security") for \$10,000.00. The bank and form of the letter of credit shall be subject to the approval of the City.

10. **Responsibility for Costs.**

A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the grading and erosion control, including but not limited to legal, planning, engineering and inspection expenses incurred in connection with approval and acceptance of the permit, the preparation of this permit, and all costs and expenses incurred by the City in monitoring and inspecting the grading and erosion control. The City will make reasonable efforts to notify Developer prior to conducting inspections or taking enforcement actions that will be billed to Developer, but does not guaranty that such notice will be provided. The failure to provide such notice does not restrict the City from conducting inspections required in connection with the grading permit or negate Developer's responsibility for the costs.

B. The Developer shall hold the City and its officers and employees harmless from claims made by itself and third parties for damages sustained or costs incurred resulting from permit approval and work done in conjunction with it. The Developer shall indemnify the City and its officers and employees for all costs, damages, or expenses which the City may pay or incur in consequence of such claims, including attorney's fees.

C. The Developer shall reimburse the City for costs incurred in the enforcement of this permit, including engineering and attorney's fees.

D. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under this permit within thirty (30) days after receipt. If the bills are not paid on time, the City may halt all work and construction.

11. Developer's Default. In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, provided the Developer is first given notice of the work in default, not less than 48 hours in advance. This permit is a license for the City to act, and it shall not be necessary for the City to seek a court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part.

12. Acknowledgment. Developer acknowledges that approval of a grading permit for the Subject Property does not constitute a guarantee by the City of any future subdivision approvals and that Developer grades the Subject Property at its own risk.

*[Remainder of Page Intentionally Left Blank]
[Signature Pages to Follow]*

CITY OF ELKO NEW MARKET

(SEAL)

BY: _____
Joe Julius, Mayor

AND _____
Tom Terry, City Clerk

STATE OF MINNESOTA)
 (ss.
COUNTY OF SCOTT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by Joe Julius and by Tom Terry, respectively the Mayor and Acting City Clerk of the City of Elko New Market, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

NOTARY PUBLIC

**DEVELOPER:
R & F PROPERTIES, LLC**

BY: _____
Its: _____

STATE OF MINNESOTA)
 (ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by _____, the _____ of R & F PROPERTIES, LLC, a Minnesota limited liability company, on its behalf.

NOTARY PUBLIC

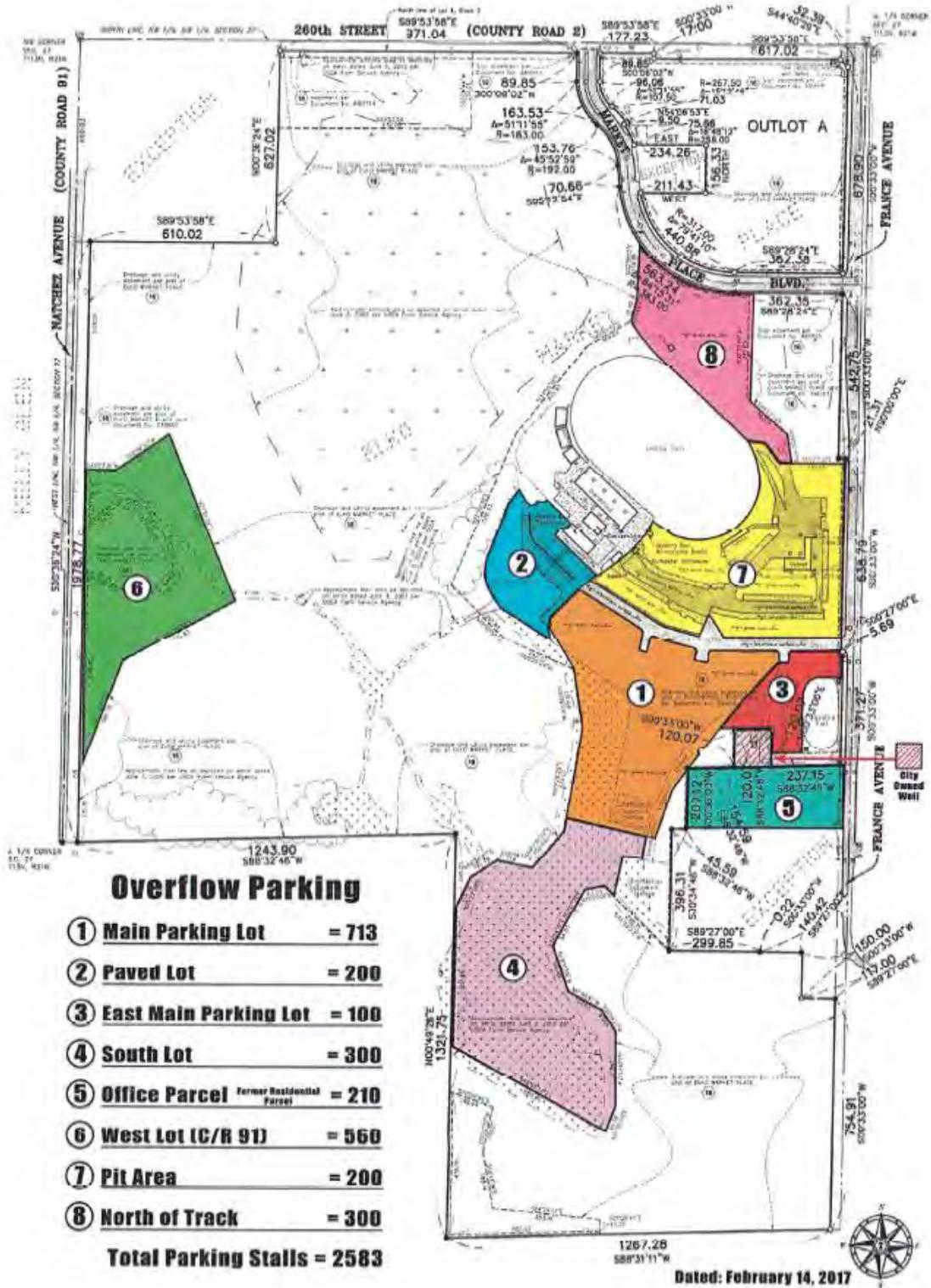
DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
Telephone: (651) 452-5000
AMP

**EXHIBIT A
TO GRADING PERMIT**

Legal Description of Subject Property

Lot 1, Block 2, Elko Market Place, Scott County, Minnesota, according to the recorded plat thereof.

EXHIBIT B OVERFLOW PARKING AREA



IRREVOCABLE LETTER OF CREDIT

Date: _____

TO: City of Elko New Market
601 Main St., P.O. Box 99
Elko New Market, Minnesota 55020-0099.

Dear Sir or Madam:

We hereby issue, for the account of _____ (Name of Developer) and in your favor, our Irrevocable Letter of Credit in the amount of \$ _____, available to you by your draft drawn on sight on the undersigned bank.

The draft must:

- a) Bear the clause, "Drawn under Letter of Credit No. _____, dated _____, 20____, of _____ (Name of Bank) _____";
- b) Be signed by the Mayor or City Administrator of the City of Elko New Market.
- c) Be presented for payment at _____ (Address of Bank) _____, on or before 4:00 p.m. on November 30, 20__.

This Letter of Credit shall automatically renew for successive one-year terms unless, at least forty-five (45) days prior to the next annual renewal date (which shall be November 30 of each year), the Bank delivers written notice to the Elko New Market City Administrator that it intends to modify the terms of, or cancel, this Letter of Credit. Written notice is effective if sent by certified mail, postage prepaid, and deposited in the U.S. Mail, at least forty-five (45) days prior to the next annual renewal date addressed as follows: Elko New Market City Administrator, P.O. Box 99, Elko, MN 55020-0058, and is actually received by the City Administrator at least thirty (30) days prior to the renewal date.

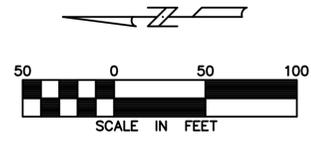
This Letter of Credit sets forth in full our understanding which shall not in any way be modified, amended, amplified, or limited by reference to any document, instrument, or agreement, whether or not referred to herein.

This Letter of Credit is not assignable. This is not a Notation Letter of Credit. More than one draw may be made under this Letter of Credit.

This Letter of Credit shall be governed by the most recent revision of the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publication No. 600.

We hereby agree that a draft drawn under and in compliance with this Letter of Credit shall be duly honored upon presentation.

BY: _____
Its _____
Authorized Insurance Representative



- NOTES**
1. IMPORT TO BE PLACED IN STOCKPILE AREA AND SPREAD OVER ENTIRE OVERFLOW PARKING AREA WHEN VOLUME IS SUFFICIENT FOR 1'-2' LIFT
 2. PLACE PERIMETER EROSION CONTROLS PRIOR TO IMPORT OF ANY FILL.

MPCA NPDES Permit is required, along with a SWPPP meeting all requirements prior to issuance of a grading permit.

- Construction Staging:**
- Remove vegetation as necessary to construct perimeter control.
 - Place perimeter controls as shown.
 - Impacts within wetland buffers require redundant sediment control devices as per the NPDES Permit.
 - Construct site grading. Follow permit requirements of stabilizing areas immediately but no later than 14 days after the construction activity has ceased.
 - Maintain perimeter controls.
 - Upon completion of grading items, seed disturbed upland areas with MnDOT Seed Mixture 25-141 @ 60 lb/acre with Type 1 mulch at 2 tons/acre and disc anchor.

3,500 LF Silt Fence

PROBE ENGINEERING COMPANY, INC.
 CONSULTING ENGINEERS, PLANNERS and LAND SURVEYORS
 1000 EAST 146th STREET, BURNSVILLE, MINNESOTA 55337 PH (952)432-3000

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.
[Signature]
 DATE 4-10-19 REG. NO. 48365

REVISIONS	
1	4-16-19 PM REVISED PER CITY COMMENTS

PREPARED FOR:
TOM RYAN

DESIGNED	CHECKED
DRAWN	DATE
PM	4-10-19
SCALE	
AS SHOWN	
JOB NO.	
16801.00	

GRADING & EROSION CONTROL PLAN
ELKO SPEEDWAY
 ELKO-NEW MARKET, MINNESOTA

SHEET	REV.
1	1
OF	
1	

STORMWATER POLLUTION PREVENTION PLAN (SWPPP)

FOR

OVERFLOW PARKING AREA (ELKO MARKET PLACE)

Elko New Market, MN

April 16, 2019

Prepared For:

R & F Properties, LLC
26480 France Avenue
Elko New Market, MN 55020
952-894-3200

Prepared By:

Paul Motzko
Probe Engineering Co., Inc.
1000 E. 146th Street
Burnsville, MN 55318
952-432-3000

Table of Contents
SWPPP Narrative

Attachments:

Grading & Erosion Control Plan
Soils Map
Receiving Waters Map within 1 mile of Site
SWPPP Training documentation

Project Description

This site is currently used as an overflow parking area for events at Elko Speedway and the Drive-in theater. Work proposed under this permit includes filling the existing overflow parking area by importing material into a stockpile and then spreading said material in lifts over the parking area. Amendments will be attached to this SWPPP as necessary by the Owner or Operator.

The total estimated disturbed area is 6 acres and the estimated volume of earth to be imported and moved on site is 45,000 CY.

Knowledgeable Person/Chain of Responsibility

The Developer is the Owner and is responsible for compliance with all terms and conditions of the permit. The Owner will designate a certified SWPPP designer and certified inspector to oversee the implementation of the SWPPP.

The Operator is the Contractor hired by the Owner to construct the project. The Operator will provide a SWPPP trained installer to implement the installation, inspection and maintenance of the erosion prevention and sediment control BMPs of the SWPPP until construction is complete, the entire site has undergone final stabilization and the NOT has been submitted to the MPCA. This individual will be available to meet the MPCA on site within 72 hours upon request by the MPCA.

Project Contacts

Owner(s): R & F Properties, LLC
26480 France Avenue
Elko New Market, MN 55020
Contact: Tom Ryan, tomr@ryancont.com, 952-894-3200

SWPPP Designer: Paul Motzko, 952-432-3000
SWPPP Inspector:
Operator: Ryan Contracting Co.
Operator's contact: Tom Ryan, tomr@ryancont.com, 952-894-3200

SWPPP Training

The SWPPP has been prepared by a trained SWPPP designer. The Operator shall designate a SWPPP trained inspector and SWPPP trained installer to implement the SWPPP. Documentation of the training will be attached and include the following:

- a. Names of the SWPPP Preparer, SWPPP Inspector, and SWPPP Installer
- b. Dates of training and name of instructor and entity providing the training
- c. Training content that is commensurate with the individuals job duties and responsibilities including the number of hours of training

Stormwater Design, Calculations, and Narrative

- A. Temporary Sedimentation Basin: There will not be 10 or more acres of disturbed soil draining to a common location, therefore a temporary sedimentation basin is not part of the design.
- B. Permanent Storm Water Treatment System: The project does not call for any impervious area to be constructed, therefore a Permanent Storm Water Treatment System to treat the water quality volume is not required. (ie: net increase in impervious area is < 1 acre).

Maintenance of Permanent Stormwater Systems

Not Applicable

Timing of Installation/Construction Staging

Construction is anticipated to begin in the spring of 2019. Grading construction is anticipated to be ongoing and is estimated to be completed by 2020. However, this is subject to the availability of fill material.

Access to the site is through the Drive-in Theater lot. This surface is gravel and will act as a rock construction entrance to the site. The Operator will sweep tracked soils on paved surfaces.

Perimeter controls will be placed before land disturbing activities. Areas of grading are clearly marked in the plans by the "CONSTRUCTION LIMITS" notation.

Stockpiles will be covered or stabilized within (14) days after work has ceased. Final site stabilization of all exposed areas will be completed within (14) days after the construction activity in that portion of the site has temporarily or permanently ceased.

SWPPP Components

The Grading & Erosion Control Plan, which include the location and type of all temporary and permanent erosion prevention and sediment control BMPs along with details for the BMPs, are attached.

If additional BMPs become necessary during construction, the Owners SWPPP designer, will recommend and/or approve such BMPs.

Specifications for SWPPP related construction are referenced in the individual plan sheets.

Estimated Quantities

Estimated quantities for erosion and sediment control items are shown on the plans

Impervious Surface

The pre and post construction impervious surfaces are as follows:

Pre-Construction = 0 acres
Post-Construction = 0 acres

Soil Types

A site map with soil types are attached.

Maps of Surface Waters

No special waters or impaired waters are identified on the map within one mile of the site. See Attached.

Final stabilization

Final site stabilization methods are shown on the Grading & Erosion Control Plan.

Soil Management

Existing topsoil will be stripped and preserved. Soil compaction will be avoided in areas not needing to be compacted. All areas to have vegetation re-established will receive 4" of topsoil covering.

Chemical treatments

No chemical treatments systems are proposed

Documentation of Infeasibility

Not Applicable

Environmental Review Stormwater Measures

There are no stormwater pollution mitigation measures identified in environmental review, endangered species review, archeological or other required local, state or federal review conducted for the project.

Karst Areas

There are no known karst areas within this site.

Impaired Waters and Total Maximum Daily Loads (TMDLs)

There are no special or impaired waters located within 1 mile of the project limits that receive runoff from the project site. The special and impaired waters search map is attached.

Environmentally Sensitive Areas

Wetlands are located directly next to and partially within this project area. The wetland edge shown on the grading plan is taken from the final plat of Elko Marketplace. 100 % of the existing runoff drains to the existing wetlands and this does not change in the proposed condition. Perimeter control are shown on the Grading & Erosion Control Plan with redundant control shown where the construction limits are closer than 50 to the edge of the wetland.

SWPPP Amendments

The SWPPP will be amended as necessary when there is a change in design, construction, operation, maintenance, weather or seasonal conditions that has a significant effect on the discharge of pollutants to surface waters or underground waters. The SWPPP may also be amended when inspections or investigations by site Owner or operators, USEPA or MPCA officials indicate the SWPPP is not effective in eliminating or significantly minimizing the discharge of pollutants to surface waters or underground waters or that the discharges are causing water quality standard exceedances.

Soil Types

The soil types found on this project are a mix of Haydem Loams, Estherville – Burnsville complex and Houghton Muck as shown in the attached soils map. Majority of the soils have hydrologic soil group of B and are susceptible to erosion. These soils will adhere to equipment and tires when wet so tracking is expected with wet conditions. They will also become very dusty when dry so water or other dust prevention may be required.

Temporary Sedimentation Basins

Temporary sedimentation basins may be required for dewatering activities dependent on site conditions. If temporary sedimentation basins are used, they must have a floating skimmer type outlet. None are anticipated.

The Operator will provide temporary sedimentation basins when mandated by the permit and should use them as a normal part of the grading operations when not required.

Dewatering and Basin Draining

Dewatering is not anticipated. However, if dewatering is used, the Operator will provide a SWPPP amendment for the proposed dewatering activities.

Turbid or sediment laden waters related to dewatering or basin draining will be discharged to a sedimentation basin or storage tank. The discharge from the sedimentation basin or storage tank may be released to surface waters if the water has been visually checked to ensure adequate treatment has been obtained and nuisance conditions will not result from the discharge.

If discharge water contains oil or grease, an oil water separator or suitable filtration device will be used prior to discharging the water. Discharge points will be adequately protected from erosion and scour. The discharge will be dispersed over natural rock riprap, sand bags, plastic sheeting, or other accepted energy dissipation measures.

All water from dewatering or basin-draining activities will be discharged in a manner that does not cause nuisance conditions, erosion in receiving channels or on downslope properties, or inundation in wetlands causing significant adverse impact to the wetland.

If filters with backwash water are used, the backwash water will be hauled away for disposal, return the backwash water to the beginning of the treatment process, or incorporate the backwash water into the site in a manner that does not cause erosion. The backwash water may be discharged to the sanitary sewer if permission is granted by the sanitary sewer authority. The filters and/or media should be replaced or cleaned as necessary for adequate function.

Inspections and Maintenance

The Operators SWPPP trained inspector will routinely inspect the entire construction site at least once every seven (7) days during active construction and within 24 hours after a rainfall event greater than 0.5 inches in 24 hours. Following an inspection that occurs within 24 hours after a rainfall event, the next inspection will be conducted within seven (7) days after the rainfall event. All inspections and maintenance conducted during construction will be recorded within 24 hours in writing and these records will be retained with the SWPPP. Records of each inspection and maintenance activity will include:

- a. Date and time of inspections
- b. Name of person(s) conducting inspections
- c. Findings of inspections, including the specific location where corrective actions are needed

- d. Corrective actions taken (including dates, times, and party completing maintenance (activities))
- e. Date and amount of all rainfall events greater than 1/2 inch (0.5 inches) in 24 hours. Rainfall amounts will be obtained by a properly maintained rain gauge installed onsite, a weather station that is within 1 mile of your location or a weather reporting system that provides site specific rainfall data from radar summaries.
- f. If any discharge is observed to be occurring during the inspection, a record of all points of the property from which there is a discharge will be made, and the discharge should be described (i.e., color, odor, floating, settled, or suspended solids, foam, oil sheen, and other obvious indicators of pollutants) and photographed.
- g. Any amendments to the SWPPP proposed as a result of the inspection will be documented as required in Part III.B. within seven (7) calendar days.

Inspection Frequency Adjustment

- a. Where parts of the project site have permanent cover, but work remains on other parts of the site, inspections may be reduced to once per month in those areas of permanent cover.
- b. Where construction sites have permanent cover on all exposed soil areas and no construction activity is occurring anywhere on the site, the site will be inspected during non-frozen ground conditions at least once per month for a period of twelve (12) months.
- c. Where work has been suspended due to frozen ground conditions, the inspections may be suspended. The required inspections and maintenance schedule will begin within 24 hours after runoff occurs at the site or 24 hours prior to resuming construction, whichever comes first.

Inspections and maintenance of temporary and permanent water quality management BMPs will be performed until another Permittee has obtained coverage under this Permit or the project has undergone Final Stabilization, and an NOT has been submitted to the MPCA.

All erosion prevention and sediment control BMPs and Pollution Prevention Management Measures will be inspected to ensure integrity and effectiveness during all routine and post-rainfall event inspections. All nonfunctional BMPs will be repaired, replaced, or supplemented with functional BMPs by the end of the next business day after discovery. The following inspection and maintenance requirements will be complied with:

- a. All perimeter control devices will be repaired, replaced, or supplemented when they become nonfunctional or the sediment reaches (1/2) of the height of the device. These repairs will be made by the end of the next business day after discovery, or thereafter as soon as field conditions allow access.
- b. Temporary and permanent sedimentation basins must be drained and the sediment removed when the depth of sediment collected in the basin reaches (1/2) the storage volume. Drainage and removal will be completed within 72 hours of discovery, or as soon as field conditions allow access.
- c. Surface waters, including drainage ditches and conveyance systems, will be inspected for evidence of erosion and sediment deposition during each inspection. All deltas and sediment deposited in surface waters, including drainage ways, catch basins, and other drainage systems will be removed. Areas of exposed soil at removal locations will be re-stabilized. The removal and stabilization will take place within seven (7) days of discovery unless precluded by legal, regulatory, or physical access constraints.
- d. Construction site vehicle exit locations will be inspected for evidence of off site sediment tracking onto paved surfaces. Tracked sediment must be removed from all paved surfaces both on and off site within 24 hours of discovery, or if applicable, within a shorter time to comply with the permit.
- e. Streets and other areas adjacent to the project will be inspected for evidence of off site accumulations of sediment. If sediment is present, it must be removed in a manner and at a frequency sufficient to minimize off site impacts.

All infiltration, filtration, and bioretention areas (if any) must be inspected to ensure that no sediment from ongoing construction activity is reaching the infiltration area, and that equipment is not being driven across those areas.

Storage, Handling, and Disposal of Construction Products, Materials, and Wastes

Building products that have the potential to leach pollutants must be under cover (e.g., plastic sheeting or temporary roofs) to prevent the discharge of pollutants or protected by a similarly effective means designed to minimize contact with stormwater.

Pesticides, herbicides, insecticides, fertilizers, treatment chemicals, and landscape materials must be under cover (e.g., plastic sheeting or temporary roofs) to prevent the discharge of pollutants or protected by similarly effective means designed to minimize contact with stormwater.

Hazardous materials, toxic waste, (including oil, diesel fuel, gasoline, hydraulic fluids, paint solvents, petroleum-based products, wood preservatives, additives, curing compounds, and acids) must be properly stored in sealed containers to prevent spills, leaks or other discharge. Restricted access storage areas must be provided to prevent vandalism. Storage and disposal of hazardous waste or hazardous materials must be in compliance with Minn. R. ch. 7045 including secondary containment as applicable.

Solid waste will be stored, collected and disposed of properly in compliance with Minn. R. ch. 7035.

Portable toilets will be positioned so that they are secure and will not be tipped or knocked over. Sanitary waste must be disposed of properly in accordance with Minn. R. ch. 7041.

Fueling and Maintenance of Equipment or Vehicles

Spill Prevention and Response: Reasonable steps must be taken to prevent the discharge of spilled or leaked chemicals, including fuel, from any area where chemicals or fuel will be loaded or unloaded including the use of drip pans or absorbents unless infeasible.

Fueling must be done in a contained area unless infeasible. Adequate supplies must be available at all times to clean up discharged materials and that an appropriate disposal method is available for recovered spilled materials. Spills must be reported and cleaned up immediately as required by Minn. Stat. § 115.061, using dry clean up measures where possible.

No fuel storage tanks in excess of 1000 gallons will be onsite during construction. All onsite fuel storage tanks shall have secondary protection for spills.

Vehicle and Equipment Washing

Washing of vehicles must be limited to a defined area of the site. Runoff from the washing area will be contained in a sediment basin or other similarly effective controls and waste from the washing activity will be properly disposed of. Soaps, detergents, or solvents must be properly stored. No engine degreasing is allowed on site.

Concrete and Other Washouts Waste

Effective containment must be used for all liquid and solid wastes generated by washout operations (concrete, stucco, paint, form release oils, curing compounds and other construction materials) related to the construction activity. The liquid and solid washout wastes must not contact the ground, and the containment must be designed so that it does not result in runoff from the washout operations or areas. Liquid and solid wastes must be disposed of properly and in compliance with MPCA rules. A sign must be installed adjacent to each washout facility that requires site personnel to utilize the proper facilities for disposal of washout wastes.

All concrete trucks shall have a self-contained collection system for washouts and no concrete trucks will be allowed to washout onto the site. Curb machines or concrete pavers may be washed out on site provided that it is done on the road grade and no washout water leaves the road grade.

Final Stabilization

All disturbed areas to be re-vegetated shall receive a minimum of 4" of topsoil and be seeded.

It is anticipated that sufficient topsoil will be obtained from excavations on-site. On-site topsoil shall be considered acceptable for re-use. If topsoil borrow is required, it shall meet the requirements of Mn/DOT 3877. All disturbed areas shall be stabilized within the time frames as specified in the NPDES Permit. Within 30 days after final site stabilization, the Owner shall submit a NOT.

Final Stabilization is not complete until all of the requirements below are met:

1. All soil disturbing activities at the site have been completed and all soils are stabilized by a uniform perennial vegetative cover with a density of 70 percent of its expected final growth density over the entire pervious surface area, or other equivalent means necessary to prevent soil failure under erosive conditions.

~~2. The permanent stormwater management system is constructed, meets all requirements in Part III.D. of the permit and is operating as designed. Temporary or permanent sedimentation basins (if any) that are to be used as permanent water quality management basins have been cleaned of any accumulated sediment. All sediment has been removed from conveyance systems and ditches are stabilized with permanent cover.~~

3. All temporary synthetic and structural erosion prevention and sediment control BMPs (such as silt fence) have been removed. BMPs designed to decompose on site (such as some compost logs) may be left in place.

~~4. For residential construction only, individual lots are considered finally stabilized if the structure(s) are finished and temporary erosion protection and downgradient perimeter control has been completed and the residence has been sold to the homeowner. Additionally, the Permittee has distributed the MPCA's "Homeowner Fact Sheet" to the homeowner to inform the homeowner of the need for, and benefits of, permanent cover.~~

~~5. For construction projects on agricultural land (e.g., pipelines across crop, field pasture or range land) the disturbed land has been returned to its preconstruction agricultural use.~~

Transfer of Ownership

~~If lots are sold and residential home construction is to begin prior to final site stabilization, a Notice of Termination/Permit Modification Form will be used to transfer the permit to the Owner of the lot. The new permittee will be responsible for all conditions of the original SWPPP.~~

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Examine your card carefully. To report errors and request a corrected card, contact the Erosion and Stormwater Management Program at (612) 625-9733, or write: Erosion and Stormwater Management Program, 1390 Eckles Avenue, St Paul MN 55108.

UNIVERSITY OF MINNESOTA

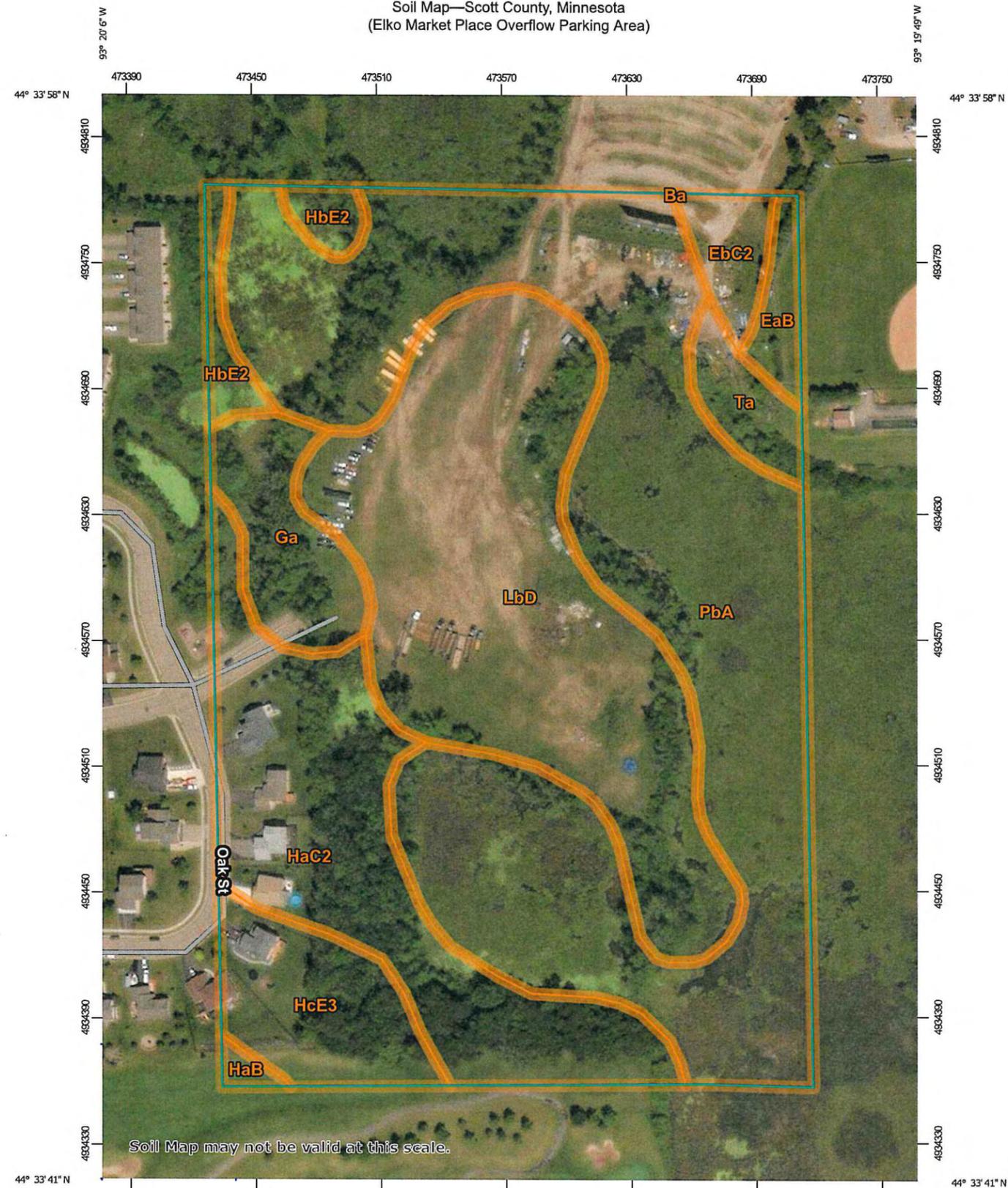
Paul Motzko

Paul Motzko
1000 E 146th Street Suite 240
Burnsville, MN 55337

Design of Construction SWPPP (May 31 2020)

See reverse side for important information.

Soil Map—Scott County, Minnesota
(Elko Market Place Overflow Parking Area)



Soil Map may not be valid at this scale.

Map Scale: 1:2,520 if printed on A portrait (8.5" x 11") sheet.
0 35 70 140 210 Meters
0 100 200 400 600 Feet
Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 15N WGS84



Soil Map—Scott County, Minnesota
(Elko Market Place Overflow Parking Area)

MAP LEGEND

- | | | |
|---|------------------------|---|
| Area of Interest (AOI) | |  Spoil Area |
|  | Area of Interest (AOI) |  Stony Spot |
| Soils | |  Very Stony Spot |
|  | Soil Map Unit Polygons |  Wet Spot |
|  | Soil Map Unit Lines |  Other |
|  | Soil Map Unit Points |  Special Line Features |
| Special Point Features | | Water Features |
|  | Blowout |  Streams and Canals |
|  | Borrow Pit | Transportation |
|  | Clay Spot |  Rails |
|  | Closed Depression |  Interstate Highways |
|  | Gravel Pit |  US Routes |
|  | Gravelly Spot |  Major Roads |
|  | Landfill |  Local Roads |
|  | Lava Flow | Background |
|  | Marsh or swamp |  Aerial Photography |
|  | Mine or Quarry | |
|  | Miscellaneous Water | |
|  | Perennial Water | |
|  | Rock Outcrop | |
|  | Saline Spot | |
|  | Sandy Spot | |
|  | Severely Eroded Spot | |
|  | Sinkhole | |
|  | Slide or Slip | |
|  | Sodic Spot | |

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:20,000.

Warning: Soil Map may not be valid at this scale.

Enlargement of maps beyond the scale of mapping can cause misunderstanding of the detail of mapping and accuracy of soil line placement. The maps do not show the small areas of contrasting soils that could have been shown at a more detailed scale.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Scott County, Minnesota
Survey Area Data: Version 14, Sep 12, 2018

Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Jul 1, 2013—Nov 15, 2016

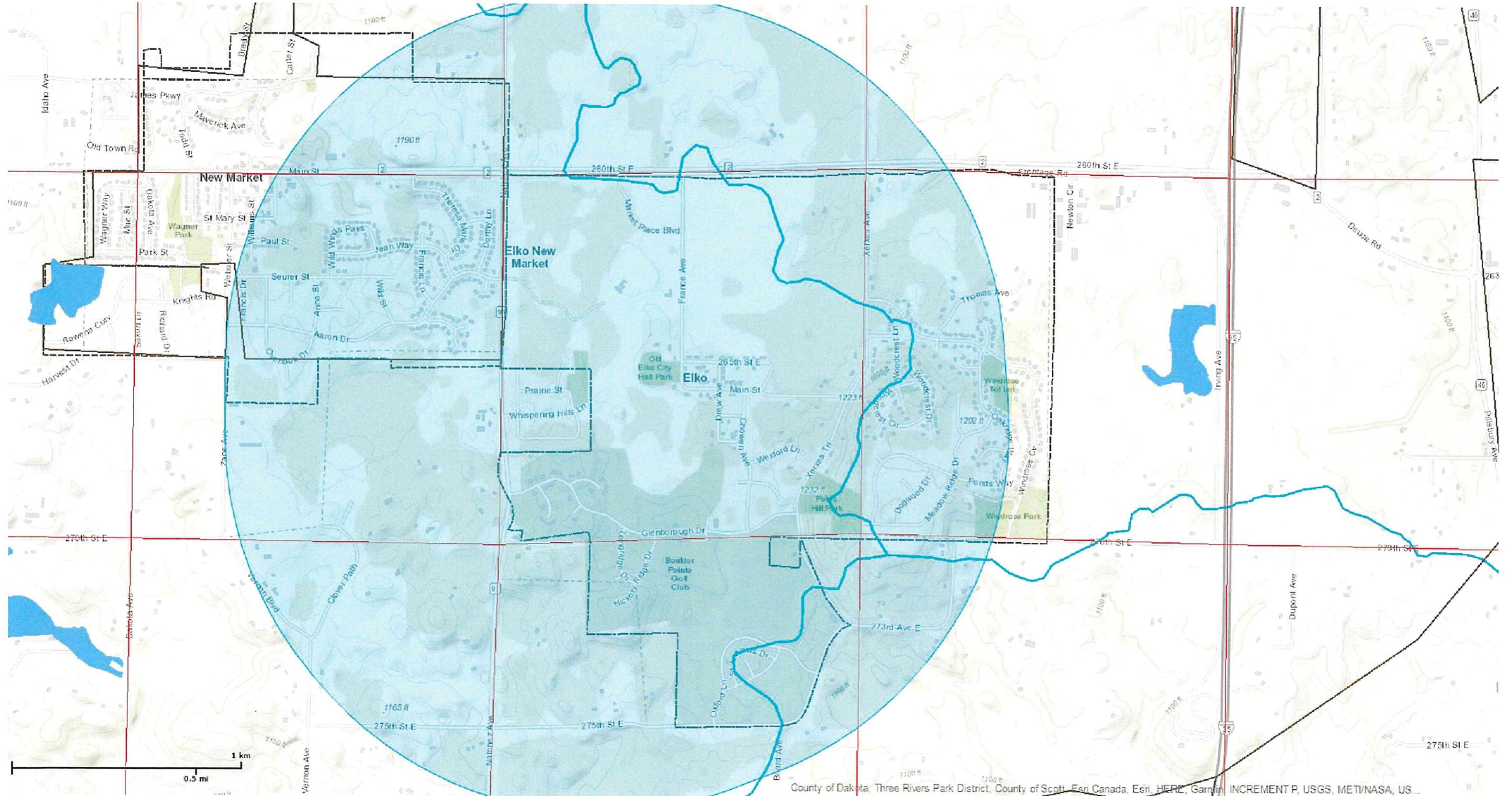
The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Map Unit Legend

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
Ba	Beach materials, sandy	0.0	0.0%
EaB	Estherville sandy loam, 2 to 6 percent slopes	0.4	1.4%
EbC2	Salida gravelly sandy loam, 6 to 12 percent slopes, moderately eroded	0.5	1.8%
Ga	Glencoe silty clay loam, 0 to 1 percent slopes	1.3	4.4%
HaB	Hayden loam, 2 to 6 percent slopes	0.1	0.4%
HaC2	Hayden loam, 6 to 10 percent slopes, moderately eroded	4.6	15.3%
HbE2	Hayden sandy loam, 18 to 25 percent slopes	0.6	2.0%
HcE3	Hayden soils, 18 to 25 percent slopes	1.6	5.4%
LbD	Estherville-Burnsville complex, 12 to 50 percent slopes	7.6	25.2%
PbA	Houghton muck, 0 to 1 percent slopes	12.6	42.0%
Ta	Terrace escarpments	0.6	2.0%
Totals for Area of Interest		30.1	100.0%

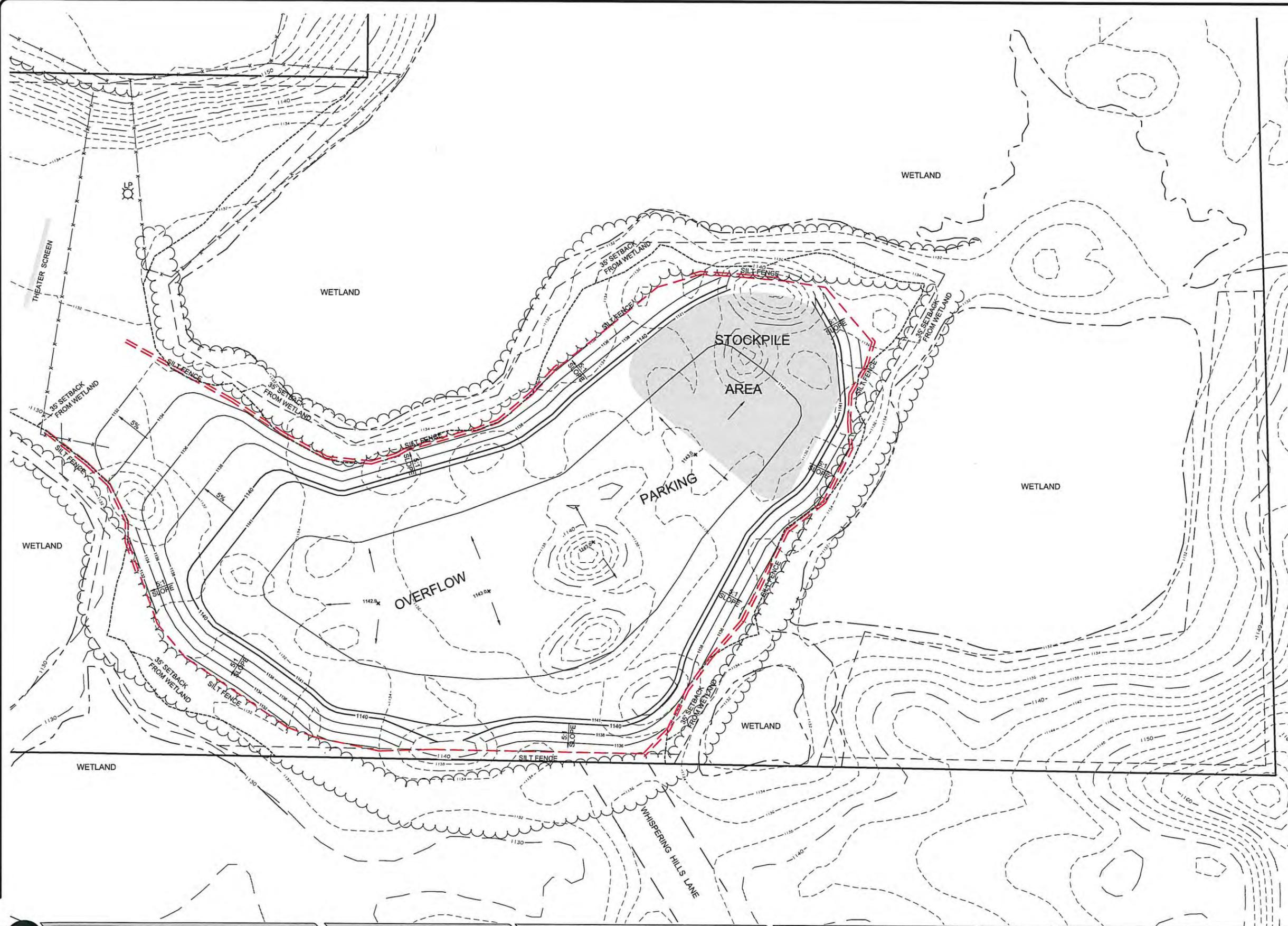
OVERTHROW Parking Area

Special Water (1 mile Radius)



Tue Apr 16 2019 11:01:13 AM

County of Dakota, Three Rivers Park District, County of Scott, Esri, HERE, Garmin, INCREMENT P, USGS, METI/NASA, US...



- NOTES
1. IMPORT TO BE PLACED IN STOCKPILE AREA AND SPREAD OVER ENTIRE OVERFLOW PARKING AREA WHEN VOLUME IS SUFFICIENT FOR 1'-2" LIFT
 2. PLACE PERIMETER EROSION CONTROLS PRIOR TO IMPORT OF ANY FILL.

MPCA NPDES Permit is required, along with a SWPPP meeting all requirements prior to issuance of a grading permit.

- Construction Staging:
- Remove vegetation as necessary to construct perimeter control.
 - Place perimeter controls as shown.
 - Impacts within wetland buffers require redundant sediment control devices as per the NPDES Permit.
 - Construct site grading. Follow permit requirements of stabilizing areas immediately but no later than 14 days after the construction activity has ceased.
 - Maintain perimeter controls.
 - Upon completion of grading items, seed disturbed upland areas with MnDOT Seed Mixture 25-141 @ 60 lb/acre with Type 1 mulch at 2 tons/acre and disc anchor.

3,500 LF Silt Fence

PROBE ENGINEERING COMPANY, INC.
 CONSULTING ENGINEERS, PLANNERS and LAND SURVEYORS
 1000 EAST 146th STREET, BURNSVILLE, MINNESOTA 55337 PH (952)432-3000

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY LICENSED ENGINEER UNDER THE LAWS OF THE STATE OF MINNESOTA.
[Signature]
 DATE 4-10-19 REG. NO. 48365

REVISIONS	
1	4-16-19 PM REVISED PER CITY COMMENTS

PREPARED FOR: **TOM RYAN**

DESIGNED	CHECKED
DRAWN	DATE
PM	4-10-19
SCALE	
AS SHOWN	
JOB NO.	
	18801.00

GRADING & EROSION CONTROL PLAN
ELKO SPEEDWAY
 ELKO-NEW MARKET, MINNESOTA

SHEET	REV.
1	
OF	
1	

9. GENERAL BUSINESS

A. Consider Grading Permit – R & F Properties

Christianson presented the agenda item, which is a request for grading permit for R & F properties, noting that the exact same permit had been applied for and issued approximately one year ago but the work was never completed. The owner is now reapplying for the exact same permit. She stated the property is currently home to the Elko Speedway and Ryan Contracting and zoned PUD which is a special zoning district that allows for a variety of specific uses. The owner is proposing to bring in fill to level off an area on the property. The area proposed for fill is currently designated as an overflow parking area in the approved PUD, and guided by the City's Comprehensive Plan to future residential uses. A site drawing was displayed showing the location of the proposed fill.

It was moved by Kruckman and seconded by Hanson to recommend approval of grading permit #G1-2020 to the City Council with the following conditions:

1. Approval is based on the grading plan containing 1 sheet, prepared by Probe Engineering, dated 4/10/19 and revised 4/16/19.
2. Approval is based on the Storm Water Pollution Prevention Plan containing 10 sheets, prepared by Probe Engineering, and dated 4/16/19.
3. The applicant shall comply with all recommendations of the City Engineer, and conditions contained in his review memorandum dated April 22, 2019.
4. The applicant shall enter into a Grading Authorization Permit with the City.
5. Fill shall be stockpiled until it can be equally spread over the entire overflow area, so the required overflow parking area is maintained.
6. All access to the site for purposes of filling and grading shall be via France Avenue through the R & F Properties property. No access to the site shall occur on Whispering Hills Lane.
7. Fill shall be leveled and the site shall be fully stabilized by the end of the construction season, 2020.
8. The permit shall be granted for a period not to exceed one-year in length.

And noting the following:

1. The City's Comprehensive Plan depicts a future extension of Whispering Hills Lane, easterly, into the area proposed to be filled to eventually connect with France Avenue / Main Street. Future extension of the roadway will likely require removal or moving of some of the proposed fill at applicant / developer's expense.

Commissioner Schuenke asked what the property has been used for in the past and what the future plans are for the property. Christianson explained that the uses on the site have evolved over time; at one time the area was utilized as a motocross track, and it is currently used for parking of construction equipment for Ryan Contracting and overflow parking for Elko Speedway. Schuenke expressed concern over the use of the area, as at times the area is heavily lit up which causes concern for the residents. Christianson and Terry explained that the overflow parking and construction parking is already permitted by the land use approvals

and that bringing in fill on the site will not change that. Also noted was that the City Engineer has recommended approval of the grading plan.

After discussion there was a roll call vote on the motion:

Commissioner Hanson - Aye
Commissioner Humphrey – Aye
Commissioner Kruckman – Aye
Commissioner Schuenke – Aye
Commissioner Smith - Aye

Motion carried: (5-0)

10. MISCELLANEOUS

A. Tip of the Month – Meeting Conduct on Video

Christianson stated that Planning Commission meetings going forward will be videotaped and posted to the City’s website, so miscellaneous tips regarding meeting conduct on video had been provided to the Planning Commission in a memorandum.

B. Roundabout Update

Scott County has awarded the construction contract for the CSAH 2 & 91 roundabout to local contractor Ryan Contracting. The original construction schedule is being moved up because of the decrease in overall traffic and elimination of school bus traffic through the intersection as a result of the Governor’s stay-at-home orders. The intersection could close as early as May 18th and reopen in late July, all dependent upon weather conditions.

C. Police Department / City Campus Update

The City Council has authorized an addition onto city hall for police department office and garage space. The construction contract has been awarded to Greystone Construction from Shakopee. Information was also provided regarding the City master campus plan, which was adopted by the City in 2008 and used as a guiding document of the City. The plan identifies the area around the current city hall / fire station as the ultimate campus for police, fire, city offices, and possible community center locations.

D. Community Development Updates & Reports

A memorandum containing updates was included in the Planning Commission packet.

E. Planning Commission Questions and Comments

Commissioner Smith asked for additional information regarding the City cost for the roundabout. Additional detailed cost information will be included in the next Planning Commission packet.



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12224 Nicollet Avenue
Burnsville, MN 55337-1649

Ph: (952) 890-0509
Fax: (952) 890-8065
Bolton-Menk.com

MEMORANDUM

Date: April 22, 2019
To: Renee Christianson, Community Development Specialist
From: Rich Revering, PE
Subject: Elko Marketplace Overflow Parking Grading Permit Review Memo

A review has been completed of the grading plan dated 04/16/2019 and SWPPP dated 04/17/2019 prepared by Probe Engineering. The documents relate to the apparent import as material becomes available, grading, stabilization, and interim storage of fill intended to be placed on parking areas elsewhere on the property at a future date.

Attention is directed to Chapter 11 in the City's Zoning Ordinance https://www.sterlingcodifiers.com/codebook/index.php?book_id=898 for background regulations against which these plans were reviewed.

The plans appear to be in keeping with the requirements in the code. We recommend approval subject to the following conditions:

1. We recommend the applicant be reminded to observe the five-foot separation between redundant silt fences required where grading activity occurs within 50 feet of the surrounding wetland boundaries. This dimension scales on the plans, but is not noted.
2. We recommend the City require an escrow of \$10,000 to be held until the site is graded to the contours shown and fully stabilized with established vegetation. This escrow would not be used to complete the import or grading – it would only be used, if necessary, to mitigate hazardous slopes, maintain or repair silt fence and establish vegetation to stabilize the site should the applicant fail to do so in a timely manner.



CAMPBELL KNUTSON
Professional Association

MEMORANDUM

TO: Elko New Market Mayor and City Councilmembers
CC: Tom Terry, City Administrator
FROM: Andrea McDowell Poehler
DATE: May 14, 2020
RE: Affidavit of Thomas Terry Regarding Paul Street

BACKGROUND

Bernie Mahowald owns property in the City located at 580 Paul Street. Currently, the property has no direct access to city right of way other than a driveway access to Paul Street. Paul Street is not a dedicated right of way, rather it was established through public use pursuant to Minn. Stat. 160.05, which provides that any right of way used by the public and maintained by the City for 6 years is considered public right of way.

Mr. Mahowald is attempting to develop is property which requires the establishment of access to right of way for title purposes. While Mr. Mahowald has a driveway easement over the abutting property that connects with Paul Street, the actual driveway is not within the easement. He is working with the abutting property owners to amend the driveway easement.

To provide evidence of the ability to access Paul Street, Mr. Mahowald's attorney has also requested an affidavit from the City Administrator concerning the facts to support the establishment of City right of way for Paul Street pursuant to Minn. Stat. 160.05. A copy of the Affidavit is attached hereto.

Staff has reviewed the assertions in the Affidavit and the City Administrator is comfortable with executing the Affidavit.

ACTION

Motion to approve execution of the Affidavit by Thomas Terry.

ATTACHMENTS

Affidavit of Thomas Terry

**AFFIDAVIT OF THOMAS TERRY,
CITY ADMINISTRATOR OF THE CITY OF ELKO NEW MARKET**

Thomas Terry, being first duly sworn on oath, states as follows:

1. I am the City Administrator for the City of Elko New Market (the "City"), and I have personal knowledge of the facts set forth in this Affidavit.
2. I am familiar with the road known as "Paul Street," which is depicted in the survey drawing attached hereto as **Exhibit A**.
3. Paul Street, as depicted on **Exhibit A**, is the means of access to properties described as:

That part of the South Half of the South Half of the Northeast Quarter of the Northwest Quarter (S 1/2 of S 1/2 of NE 1/4 of NW 1/4), of Section 28, Township 113, Range 21, Scott County, Minnesota described as follows:

Beginning at the Southeast Corner of said South Half of the South Half of the Northeast Quarter of the Northwest Quarter (S 1/2 of S 1/2 of NE 1/4 of NW 1/4); thence West along the South line of said South Half of the South Half of the Northeast Quarter of the Northwest Quarter (S 1/2 of S 1/2 of NE 1/4 of NW 1/4) a distance of 412.00 feet; thence North parallel with the East line of said Northeast Quarter of the Northwest Quarter (NE 1/4 of NW 1/4), a distance of 330.56 feet to the North line of said South Half of the South Half of the Northeast Quarter of the Northwest Quarter (S 1/2 of S 1/2 of NE 1/4 of NW 1/4); thence East along said North line a distance of 412.01 feet to the Northeast corner of said South Half of the South Half of the Northeast Quarter of the Northwest Quarter, thence South along the East line of said Northwest Quarter of the Northwest Quarter a distance of 331.02 feet to the point of beginning.

Together with an easement for driveway purposes over the North 33 feet of the West 140.22 feet of the East 552.23 feet of the South Half of the South Half of the

**Northeast Quarter of the Northwest Quarter (S 1/2 of S 1/2 of NE 1/4 of NW 1/4),
Section 28, Township 113, Range 21, Scott County, Minnesota.**

PID: 23-92800-40

4. I know from personal knowledge and from the records of the City that the bituminous roadway depicted in **Exhibit A**, together with the areas beyond the bituminous surface necessary for maintenance of Paul Street, was used and kept in repair and worked for at least six years continuously by the City.

5. I make this affidavit for purposes of confirming that, pursuant to Minn. Stat. Section 160.05, Paul Street, as depicted in said **Exhibit A**, is deemed dedicated to the public to the width of the bituminous surface shown on **Exhibit A**, together with the areas beyond the bituminous surface necessary for maintenance of Paul Street.

6. I have been authorized by the City to make this affidavit.

FURTHER YOUR AFFIANT SAYETH NOT.

CITY OF ELKO NEW MARKET

By: _____
Its: City Administrator

Subscribed and sworn to before me this _____ day of _____, 2020 by Thomas Terry, the City Administrator of the City of Elko New Market.

Notary Public

DRAFTED BY/RETURN TO:

Beisel & Dunlevy, P.A. (BNB)
730 Second Avenue South, Suite 282
Minneapolis, MN 55402
(612) 436-2222
File No. 10533



STAFF MEMORANDUM

SUBJECT:	Noise Control Ordinance
MEETING DATE:	May 14, 2020
PREPARED BY:	Renee Christianson, Community Development Specialist
REQUESTED ACTION:	Adopt Ordinance No. 212 Amending Title 5 Chapter 5 of the City Code Concerning Noise Control

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Title 5 Chapter 5 of the City Code regulates noise within the City. Included in the code are restrictions regarding permissible hours for certain noise related activities. City staff are suggesting that exemptions be made for hours relating to certain activities, including public (road) construction projects, equipment used for snow removal, and emergency public works operations. Staff has drafted the attached Ordinance No. 212 amending Title 5 Section 5 of the City Code to reflect the suggested exemptions.

CITY ATTORNEY RECOMMENDATION

The City Attorney has reviewed the draft ordinance and has no concerns regarding its adoption.

REQUETED ACTION

The City Council is being asked to adopt Ordinance #212 Amending Title 5 Chapter 5 of the City Code Concerning Noise Control.

Attachments:

Draft Ordinance No. 212

Title 5 Chapter 5-2
Elko New Market City Code

5-5-2: HOURS RESTRICTED FOR CERTAIN OPERATIONS:

- A. Domestic Power Equipment: Except as otherwise provided herein, no person shall operate a power lawn mower, power hedge clipper, chain saw, mulcher, garden tiller, edger, drill, or other similar domestic power maintenance equipment except between the hours of seven o'clock (7:00) A.M. and ten o'clock (10:00) P.M. on any weekday or between the hours of nine o'clock (9:00) A.M. and nine o'clock (9:00) P.M. on any weekend or holiday. Snow removal equipment is exempt from this provision. Mowing of golf courses may occur between the hours of six o'clock (6:00) A.M. and ten o'clock (10:00) P.M. on any weekday or between the hours of six o'clock (6:00) A.M. and nine o'clock (9:00) P.M. on any weekend or holiday. (Ord. 147, 1-12-2017)
- B. Refuse Hauling: Except as otherwise limited for licensed hauling under chapter 1, article A of this title, no person shall collect or remove garbage or refuse in any residential district except between the hours of seven o'clock (7:00) A.M. and ten o'clock (10:00) P.M. on any weekday or between the hours of nine o'clock (9:00) A.M. and nine o'clock (9:00) P.M. on any weekend or holiday.
- C. Construction Activities: No person shall engage in or permit construction activities involving the use of any kind of electric, diesel, or gas powered machine or other power equipment except between the hours of seven o'clock (7:00) A.M. and ten o'clock (10:00) P.M. on any weekday or between the hours of nine o'clock (9:00) A.M. and nine o'clock (9:00) P.M. on any weekend or holiday. (2011 Code)
- D. Exemptions: The following activities are specifically exempted from the prohibitions under this section: Public works construction by Federal, State, County, or City authorities or their contractors and subcontractors as approved by the City Engineer; equipment used for snow removal; emergency public works repair/construction.

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

ORDINANCE NO. 212

**AN ORDINANCE AMENDING CITY OF ELKO NEW MARKET
CITY CODE TITLE 5, CHAPTER 5 CONCERNING NOISE CONTROL**

THE CITY COUNCIL OF THE CITY OF ELKO NEW MARKET, MINNESOTA
ORDAINS:

SECTION 1. Section 5-5-2 of the Elko New Market City Code is hereby amended to add the following section:

- D. Exemptions: The following activities are specifically exempted from the prohibitions under this section: Public works construction by Federal, State, County, or City authorities or their contractors and subcontractors as approved by the City Engineer; equipment used for snow removal; emergency public works repair/construction.

SECTION 2. This ordinance shall take effect immediately upon its passage and publication.

ADOPTED this 14th day of May, 2020 by the City Council for the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/Clerk



STAFF MEMORANDUM

SUBJECT:	Ordinance Amendments Concerning Nuisance Abatement and Code Enforcement
MEETING DATE:	May 14, 2020
PREPARED BY:	Haley Sevening, Planner I
REQUESTED ACTION:	1. Adopt Ordinance No. 213 Amending City of Elko New Market City Code Title 6, Chapter 5B Concerning Abatement of Public Nuisances 2. Adopt Summary Ordinance No. 214 3. Adopt Ordinance No. 215 Amending City of Elko New Market City Code Title 11, Chapter 3 Concerning Enforcement of Zoning Regulations 4. Adopt Summary Ordinance No. 216

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving

<input type="checkbox"/>	Performance Measurement
<input type="checkbox"/>	Professionalism

BACKGROUND

In preparation for “Code Enforcement Season”, Staff began reviewing ordinances related to enforcement of the City Code. Specifically, Section 6-5B-8 concerning nuisance abatement procedures and Section 11-3-1 (I) concerning enforcement of the Zoning Ordinance were reviewed. Section 6-5B-8 was last amended in 2011 and Section 11-3-1 (I) dates back to December 2006, when Elko and New Market merged. Upon review by Staff and consultation with the City Attorney, amendments were drafted to both sections to “clean them up” and improve readability.

Abatement procedures for public nuisances are contained in Section 6-5B-8 of the City Code. The Public Nuisance Ordinance is under the purview of the City Council and is enforced by the Police Department. Enforcement procedures for zoning regulations are contained in Section 11-3-1 (I) of the City Code. The Zoning Ordinance is under the purview of the Planning Commission and is enforced by Community Development Staff. The referenced code section are attached to this report.

DISCUSSION

Upon review of the existing ordinances with Staff and consultation with the City Attorney, it is Staff’s recommendation that both ordinances be amended.

In regards to the Public Nuisance Ordinance, it is Staff’s recommendation that Section 6-5B-7 and 6-5B-8 be amended primarily to improve readability and better outline the abatement process. Proposed amendments are contained in the attached Draft Ordinance No. 213. Notable changes include:

- The addition of a standard 10 day timeframe for the property owner/occupant to abate the nuisance (unless otherwise determined by the enforcing officer).
- The requirement that the property owner/occupant must request a City Council hearing to appeal an abatement Order.
- The ability for the enforcing officer to proceed with abatement without City Council approval (unless a hearing is requested).

In regards to the Zoning Ordinance, it is Staff’s recommendation that Section 11-3-1 (I) be deleted in its entirety and replaced with simpler, more condense language that outlines administration and enforcement procedures. Proposed amendments are contained in the attached Draft Ordinance No. 215. Notable changes include:

- Removal of the enforcement procedure language.
- Removal of the enforcement remedies language.
- The addition of duties of the Zoning Administrator.

It should be noted that the City Attorney opined that most of the existing language in this section could be removed because it outlines internal Staff processes rather than City requirements. These processes will continue as they have in the past, despite removal from the ordinance. For example, the enforcement remedies contained in the existing ordinance are all tools in the City’s toolbox, but are not required enforcement actions.

A public hearing was held before the Planning Commission on April 28, 2020 to receive comment on the proposed amendments to Section 11-3-1 (I). No comments were received. Based on the information provided to the Planning Commission, the recommendations of City Staff, and discussion at the meeting, the Planning Commission has unanimously recommended approval of the request to amend Section 11-3-1 (I) of the City's Zoning Ordinance as depicted in draft Ordinance No. 215.

At this time, the City Council is being asked to adopt draft Ordinance No. 213, draft Ordinance No. 215, and their associated Summary Ordinances No. 214 and No. 216.

BUDGET IMPACT:

The budget impact for this item to date is the cost of City staff time and City Attorney/Assistant City Attorney review time. Future budget implications will include the cost to revise the City Code.

Attachments:

Section 6-5B-8 of the City Code
Section 11-3-1 (I) of the City Code
Draft Ordinance No. 213
Draft Summary Ordinance No. 214
Draft Ordinance No. 215
Draft Summary Ordinance No. 216

Section 6-5B-8 of the City Code

A. Notices: Written notice of violation; notice of the time, date, place and subject of any hearing before the city council; notice of city council order; and notice of motion for summary enforcement hearing shall be given as set forth in this subsection.

1. Notice Of Violation: Written notice of violation shall be served by a peace officer on the owner of record or occupant of the premises either in person or by certified or registered mail. If the premises is not occupied, the owner of record is unknown, or the owner of record or occupant refuses to accept notice of violation, notice of violation shall be served by posting it on the premises.

2. Notice Of Council Hearing: Written notice of any city council hearing to determine or abate a nuisance shall be served on the owner of record and occupant of the premises either in person or by certified or registered mail. If the premises is not occupied, the owner of record is unknown, or the owner of record or occupant refuses to accept notice of the city council hearing, notice of city council hearing shall be served by posting it on the premises.

3. Notice Of Council Order: Except for those cases determined by the city to require summary enforcement, written notice of any city council order shall be made as provided in Minnesota statutes section 463.17 (hazardous and substandard building act), as it may be amended from time to time.

4. Notice Of Motion For Summary Enforcement: Written notice of any motion for summary enforcement shall be made as provided in Minnesota statutes section 463.17 (hazardous and substandard building act), as it may be amended from time to time.

B. Procedure: Whenever a peace officer determines that a public nuisance is being maintained or exists on the premises in the city, the officer shall notify in writing the owner of record or occupant of the premises of such fact and order that the nuisance be terminated or abated. The notice of violation shall specify the steps to be taken to abate the nuisance and the time within which the nuisance is to be abated. If there is not compliance with the notice of violation within the time specified, the officer shall report that fact forthwith to the city council. Thereafter, the city council may, after notice to the owner or occupant and an opportunity to be heard, determine that the condition identified in the notice of violation is a nuisance and further order that if the nuisance is not abated within the time prescribed by the city council, the city may seek injunctive relief by serving a copy of the city council order and notice of motion for summary enforcement.

C. Emergencies; Summary Abatement: In cases of emergency, where delay in abatement required to complete the notice and procedure requirements set forth in subsections A and B of this section will permit a continuing nuisance to unreasonably endanger public health safety or welfare, the city council may order summary enforcement and abate the nuisance. To proceed with summary enforcement, the officer shall determine that a public nuisance exists or is being maintained on premises in the city and that delay in abatement of the nuisance will unreasonably endanger public health, safety or welfare. The officer shall notify in writing the occupant or owner of the premises of the nature of the nuisance and of the city's intention to seek summary enforcement and the time and place of the city council meeting to consider the question of summary enforcement. The city council shall determine whether or not the

condition identified in the notice to the owner or occupant is a nuisance, whether public health, safety or welfare will be unreasonably endangered by delay in abatement required to complete the procedure set forth in subsection A of this section, and may order that the nuisance be immediately terminated or abated. If the nuisance is not immediately terminated or abated, the city council may order summary enforcement and abate the nuisance.

D. Immediate Abatement: Nothing in this section shall prevent the city, without notice or other process, from immediately abating any condition which poses an imminent and serious hazard to human life or safety.

Enforcement procedures for zoning regulations are contained in Section 11-3-1 (I) of the City Code. The Zoning Ordinance is under the purview of the Planning Commission and is enforced by Community Development Staff. It states:

I. Enforcement: This title shall be administered and enforced by the zoning administrator. The zoning administrator may institute in the name of the city any appropriate actions or proceedings against a violator. Whenever a violation of this title occurs, or is alleged to have occurred, any person may file a written complaint. Such complaint shall state fully the causes and bases thereof and shall be filed with the zoning administrator. That person shall record properly such complaint, immediately investigate, and take action thereon as provided by this subsection.

1. Enforcement Procedure: For the enforcement of the provisions of this title, the first zoning violation notice shall be sent by regular mail, and the second notice will be sent by certified mail or return receipt requested to the property owner at which the violation is taking place. A copy of the zoning violation notice shall be sent to the city council, planning commission, police chief, and city attorney. The zoning violation notice shall contain the following information:

- a. A description of the violation which is taking place.
- b. A picture (if possible) of the violation which is taking place.
- c. Location and/or address of the property at which the violation is taking place.
- d. Identification of the section of this title which is being violated.
- e. Date the violation was discovered.
- f. Steps necessary to correct the violation.
- g. Deadline by when the violation must be corrected, which is at the discretion of the zoning administrator, but which in no case may be longer than thirty (30) days from the date the first notice is mailed.

2. Correction Of Violation: Correction of the violation in the manner stipulated by the zoning notice violation, at any point during this enforcement process, shall deem the zoning violation notice null and void, and enforcement activity shall cease.

3. Failure To Correct Violation; Enforcement Remedies: Failure to correct the zoning violation shall result in the city pursuing enforcement action following notification to the property owner, with the city having the authority to carry out the following enforcement remedies:

a. Withhold Permits: The city shall have the authority to withhold any permits or city approvals which are necessary until the violation is corrected to the city's satisfaction.

b. Stop Work Order: The city shall have the authority to issue a stop work order on the subject violation.

c. Abatement: The city shall have the authority to require that the violation be abated by completely removing or stopping the item or use which has been identified in the zoning violation notice.

d. Injunctive Relief: The city shall have the authority to seek an injunction in court to stop any violation of this title.

e. Civil Remedies: The city shall have the authority to institute appropriate civil action to enforce the provisions of this title, and shall recover reasonable court costs and attorney fees which are incurred due to the enforcement of the subject violation, at the discretion of the court.

f. Assessment: The city shall have the authority to use the provisions of Minnesota statutes chapter 429, and assess any charge against the property benefited, and any such assessment shall, at the time at which taxes are certified to the county auditor, be certified for collection in the manner that other special assessments are so certified.

g. Criminal Remedies: The city shall have the authority to institute appropriate misdemeanor criminal action for a violation of this title.

h. Cumulative Remedies: The powers and remedies of this subsection I3 shall not be individually limited and are not exclusive. The powers and remedies of this subsection I3 are cumulative, and all power and remedies may apply, as well as any other remedies allowed under state law.

Section 11-3-1 (I) of the City Code

I. Enforcement: This title shall be administered and enforced by the zoning administrator. The zoning administrator may institute in the name of the city any appropriate actions or proceedings against a violator. Whenever a violation of this title occurs, or is alleged to have occurred, any person may file a written complaint. Such complaint shall state fully the causes and bases thereof and shall be filed with the zoning administrator. That person shall record properly such complaint, immediately investigate, and take action thereon as provided by this subsection.

1. Enforcement Procedure: For the enforcement of the provisions of this title, the first zoning violation notice shall be sent by regular mail, and the second notice will be sent by certified mail or return receipt requested to the property owner at which the violation is taking place. A copy of the zoning violation notice shall be sent to the city council, planning commission, police chief, and city attorney. The zoning violation notice shall contain the following information:

- a. A description of the violation which is taking place.
- b. A picture (if possible) of the violation which is taking place.
- c. Location and/or address of the property at which the violation is taking place.
- d. Identification of the section of this title which is being violated.
- e. Date the violation was discovered.
- f. Steps necessary to correct the violation.
- g. Deadline by when the violation must be corrected, which is at the discretion of the zoning administrator, but which in no case may be longer than thirty (30) days from the date the first notice is mailed.

2. Correction Of Violation: Correction of the violation in the manner stipulated by the zoning notice violation, at any point during this enforcement process, shall deem the zoning violation notice null and void, and enforcement activity shall cease.

3. Failure To Correct Violation; Enforcement Remedies: Failure to correct the zoning violation shall result in the city pursuing enforcement action following notification to the property owner, with the city having the authority to carry out the following enforcement remedies:

- a. Withhold Permits: The city shall have the authority to withhold any permits or city approvals which are necessary until the violation is corrected to the city's satisfaction.
- b. Stop Work Order: The city shall have the authority to issue a stop work order on the subject violation.
- c. Abatement: The city shall have the authority to require that the violation be abated by completely removing or stopping the item or use which has been identified in the zoning violation notice.

d. Injunctive Relief: The city shall have the authority to seek an injunction in court to stop any violation of this title.

e. Civil Remedies: The city shall have the authority to institute appropriate civil action to enforce the provisions of this title, and shall recover reasonable court costs and attorney fees which are incurred due to the enforcement of the subject violation, at the discretion of the court.

f. Assessment: The city shall have the authority to use the provisions of Minnesota statutes chapter 429, and assess any charge against the property benefited, and any such assessment shall, at the time at which taxes are certified to the county auditor, be certified for collection in the manner that other special assessments are so certified.

g. Criminal Remedies: The city shall have the authority to institute appropriate misdemeanor criminal action for a violation of this title.

h. Cumulative Remedies: The powers and remedies of this subsection I3 shall not be individually limited and are not exclusive. The powers and remedies of this subsection I3 are cumulative, and all power and remedies may apply, as well as any other remedies allowed under state law.

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

ORDINANCE NO. 213

**AN ORDINANCE AMENDING CITY OF
ELKO NEW MARKET CITY CODE TITLE 6, CHAPTER 5
CONCERNING PUBLIC NUISANCES**

THE CITY COUNCIL OF THE CITY OF ELKO NEW MARKET, MINNESOTA
ORDAINS:

SECTION 1. Section 6-5B-7 and 6-5B-8 of the Elko New Market City Code are hereby deleted in their entirety and amended to read as follows:

6-5B-7: ENFORCEMENT; INSPECTIONS:

The city administrator or authorized designee shall enforce the provisions relating to nuisances. In abating or ordering the abatement of nuisances defined in Article B, the city administrator or authorized designee shall cause or order the nuisance to be removed. Any enforcement official shall have the power to inspect private premises and take all reasonable precautions to prevent the commission and maintenance of public nuisances. Except in emergency situations of imminent danger to human life and safety, no enforcement officer (i.e. city administrator or authorized designee) shall enter private property for the purpose of inspecting or preventing public nuisances without the permission of the owner, resident, or other person in control of the property, unless the enforcement officer has obtained a warrant or order from a court of competent jurisdiction authorizing the entry, or the entry is otherwise authorized by law.

6-5B-8: ABATEMENT PROCEDURES:

- A. Notice: The city administrator or authorized designee has the authority to determine that a condition on a property constitutes a nuisance. Upon that determination, an owner of record or occupant of the premises shall be notified in writing that a public nuisance exists and that the nuisance shall be terminated or abated. The city administrator or authorized designee shall provide the notice to the owner of record or occupant in person or by mail. A failure to receive the notice does not invalidate the service of the notice. The notice shall describe the nuisance and provide ten (10) days, or a reasonable timeframe as determined by the city administrator, for the nuisance to be abated. If the nuisance is not abated within that timeframe, the city administrator or authorized designee may issue an Order pursuant to this section. The notice must state that if the owner or occupant fails to remedy the nuisance within the time provided in the notice, the City will abate the nuisance at the expense of the owner or occupant.

- B. An Order shall be given as set forth in this subsection. The Order shall include the following:
1. The nuisance shall be abated within ten (10) days of the Order, unless the city administrator or authorized designee reasonably determines that additional time is required to abate the nuisance.
 2. The Order shall identify and describe the nuisance and shall specify the steps that may be taken to abate the nuisance.
 3. The Order shall state that the City will abate the nuisance and assess the costs against the property if the nuisance is not abated within the timeframe specified in the Order.
 4. The Order shall be served by the city administrator or authorized designee on the owner of record or occupant of the premises in person or by mail. If the premises is not occupied, the owner of record is unknown, or the owner of record or occupant refuses to accept the Order, the Order shall be served by posting it on the premises. A failure to receive the notice does not invalidate the service of the notice.
 5. The Order shall include a statement that the Order may be appealed to city council by filing a written request with the city clerk before the appeal deadline which shall be the abatement deadline designated in the Order. Upon receipt of a timely appeal notice, the city clerk shall schedule the hearing at the next regularly scheduled city council meeting.
 6. If the required actions specified in the Order are not complied with, the city administrator or authorized designee may obtain an administrative search warrant to enter the property and inspect the nuisance condition, obtain a court order permitting the City to abate the nuisance, or take any other lawful action to abate the nuisance and assess the costs as prescribed in 6-5B-9.
- C. Hearing. The city council shall hold a hearing if requested as outlined in this Section. The city council shall give the appellant an opportunity to present evidence and testimony. The city council may sustain, overrule, or modify the Order of the enforcement officer. If the city council determination requires abatement, the city council shall, in a resolution, fix a time within which the nuisance must be abated and may provide that, if the nuisance is not eliminated within the time specified, the City may abate the nuisance and assess the costs of the abatement to the subject property as a special assessment.
- D. Emergencies; Summary Abatement: In cases of emergency, where delay in abatement required to complete the notice and procedure requirements set forth in subsections A of this section will permit a continuing nuisance to unreasonably endanger public health safety or welfare, the city council may order summary enforcement and abate the

nuisance. To proceed with summary enforcement, the enforcement official shall determine that a public nuisance exists or is being maintained on premises in the city and that delay in abatement of the nuisance will unreasonably endanger public health, safety or welfare. The enforcement official shall notify in writing the occupant or owner of the premises of the nature of the nuisance and of the city's intention to seek summary enforcement and the time and place of the city council meeting to consider the question of summary enforcement. The city council shall determine whether or not the condition identified in the notice to the owner or occupant is a nuisance, whether public health, safety or welfare will be unreasonably endangered by delay in abatement required to complete the procedure set forth in subsection A of this section, and may order that the nuisance be immediately terminated or abated. If the nuisance is not immediately terminated or abated, the city council may order summary enforcement and abate the nuisance.

- E. Immediate Abatement: Nothing in this section shall prevent the city, without notice or other process, from immediately abating any condition which poses an imminent and serious hazard to human life or safety and assessing the costs of the abatement against the property in accordance with 6-5B-9.

SECTION 2. This ordinance shall take effect immediately upon its passage and publication.

ADOPTED this 14th day of May, 2020 by the City Council for the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

SUMMARY ORDINANCE NO. 214

**AN ORDINANCE AMENDING CITY OF
ELKO NEW MARKET CITY CODE TITLE 6, CHAPTER 5
CONCERNING PUBLIC NUISANCES**

NOTICE IS HEREBY GIVEN that, on May 14, 2020, Ordinance No. 213 was adopted by the City Council of the City of Elko New Market, Minnesota.

NOTICE IS FURTHER GIVEN that, because of the lengthy nature of Ordinance No. 213, the following summary of the ordinance has been prepared for publication.

NOTICE IS FURTHER GIVEN that the ordinance adopted by the Council amends Elko New Market City Code Title 6, Chapter 5, Article B, by amending the enforcement/inspection of public nuisances and the public nuisance abatement procedures. A printed copy of the complete ordinance is available for inspection by any person during the City's regular office hours.

APPROVED for publication by the City Council of the City of Elko New Market this 14th day of May, 2020.

CITY OF ELKO NEW MARKET

By: _____
Joe Julius, Mayor

By: _____
Thomas Terry, City Administrator/Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

ORDINANCE NO. 215

**AN ORDINANCE AMENDING CITY OF
ELKO NEW MARKET CITY CODE TITLE 11, CHAPTER 3
CONCERNING ENFORCEMENT OF ZONING REGULATIONS**

THE CITY COUNCIL OF THE CITY OF ELKO NEW MARKET, MINNESOTA
ORDAINS:

SECTION 1. Section 11-3-1 (I) of the Elko New Market City Code is hereby deleted in its entirety.

SECTION 2. Title 11, Chapter 3 of the Elko New Market City Code is amended by adding a new Section 11-3-10 to read as follows:

11-3-10: ADMINISTRATION AND ENFORCEMENT:

- A. Enforcing officer: This title shall be administered and enforced by the Zoning Administrator in accordance with its terms, who shall not permit any construction, use, or change of use that does not conform to this Title. The City Administrator shall designate the Zoning Administrator. The Zoning Administrator may designate such additional persons as may be necessary or convenient to assist in administering and enforcing this chapter.
- B. Duties of the Zoning Administrator: The Zoning Administrator's duties shall include the following:
1. Determine that all building permits comply with the terms of this title;
 2. Conduct inspections of buildings and uses of land to determine compliance with the terms of this title;
 3. Maintain records of all zoning maps, amendments, conditional uses permits, variances, appeals, and other matters regulated by this title;
 4. Administer all applications under this title;
 5. Institute appropriate enforcement proceedings and actions against violators;
 6. Serve as staff advisor to the Planning Commission;
 7. Prepare reports and information for the Planning Commission and City Council, and may attend their meetings and participate in their hearings and discussions, but shall not vote on any item before the Planning Commission and City Council; and

8. Perform such other functions as may be necessary to enforce and administer this title.
- C. In case any building, structure or land is, or is proposed to be, erected, constructed, reconstructed, altered, converted, maintained or used in violation of this title, the zoning administrator, in addition to other remedies, may institute in the name of the city, any appropriate action or proceeding to prevent, restrain, correct or abate such building structure or land, or to prevent, in or about such premises, any act, conduct, business or use constituting a violation.

SECTION 3. This ordinance shall take effect immediately upon its passage and publication.

ADOPTED this 14th day of May, 2020 by the City Council for the City of Elko New Market.

CITY OF ELKO NEW MARKET

BY: _____
Joe Julius, Mayor

ATTEST:

Thomas Terry, City Administrator/Clerk

**CITY OF ELKO NEW MARKET
SCOTT COUNTY, MINNESOTA**

SUMMARY ORDINANCE NO. 216

**AN ORDINANCE AMENDING CITY OF
ELKO NEW MARKET CITY CODE TITLE 11, CHAPTER 3
CONCERNING ENFORCEMENT OF ZONING REGULATIONS**

NOTICE IS HEREBY GIVEN that, on May 14, 2020, Ordinance No. 215 was adopted by the City Council of the City of Elko New Market, Minnesota.

NOTICE IS FURTHER GIVEN that, because of the lengthy nature of Ordinance No. 215, the following summary of the ordinance has been prepared for publication.

NOTICE IS FURTHER GIVEN that the ordinance adopted by the Council amends Elko New Market City Code Title 11, Chapter 3, deleting Section 11-3-1 (I) in its entirety and replacing it with new Section 11-3-10 concerning administration and enforcement of the Zoning Ordinance. A printed copy of the complete ordinance is available for inspection by any person during the City's regular office hours.

APPROVED for publication by the City Council of the City of Elko New Market this 14th day of May, 2020.

CITY OF ELKO NEW MARKET

By: _____
Joe Julius, Mayor

By: _____
Thomas Terry, City Administrator/Clerk



STAFF MEMORANDUM

SUBJECT:	Authorize Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of General Obligation Bonds, Series 2020A
MEETING DATE:	May 14, 2020
PREPARED BY:	Thomas Terry, City Administrator
REQUESTED ACTION:	Adopt Resolution 20-33 Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of General Obligation Bonds, Series 2020A

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND

Over the last year, the City has authorized several capital projects and purchases. These include the 2019 Pavement Rehabilitation Project, the purchase of a Fire Rescue Truck, the purchase of two snow plows, the Police Department Addition to City Hall, the CSAH 2/91 Roundabout Project and the Onsite Generation Project. All of these projects were intended to be financed through the issuance of bonds and equipment certificates.

On April 9, 2020 the City Council adopted Resolution 20-27 Authorizing Issuance and Sale of \$4,965,000 General Obligation Bonds, Series 2020A. The Bonds have been structured as five discrete purposes based on the use of funds and statutory authority. The purposes are as follows: (i) \$2,065,000 Capital Improvement Plan Portion, (ii) \$1,240,000 Street Reconstruction Portion, (iii) \$815,000 Equipment Portion, (iv) \$600,000 Street Special Assessment Portion and (v) \$250,000 Utility Portion.

The authorization for the sale allowed three options for the method of sale for both upcoming bond sales as long as certain parameters are met (parameter being a maximum interest rate, and maximum bond issue size) :

- Competitive sale;
- Negotiated sale with an underwriter selected through an RFP or other selection option ;
- Negotiated Private Placement may be used if there is a buyer who is found by an underwriter and is willing to negotiate the price (often a bank).

DISCUSSION:

The sale of bonds is scheduled to occur on Thursday, May 14 via Baker Tilly at 10:00 am. The bid tabulation and other relevant data will be provided to the City Council that evening at the regularly scheduled Council meeting. The attached agenda will be filled in with the lowest bidder results for the Council's consideration that evening. Also, attached is the credit rating report assigned to this issue and all Elko New Market GO Bonds outstanding. The City's AA+ rating was affirmed with a stable outlook.

Terri Heaton of Baker Tilly will be present for the City Council meeting Thursday evening to provide the results of the sale.

Attachments:

- (DRAFT) Resolution 20-33 Authorizing Issuance, Awarding Sale, Prescribing The Form And Details And Providing For The Payment Of General Obligation Bonds, Series 2020A
- Preliminary Official Statement - Series 2020A
- S&P Rating Report

CERTIFICATION OF MINUTES RELATING TO
\$[PAR] GENERAL OBLIGATION BONDS, SERIES 2020A

Issuer: City of Elko New Market, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on May 14, 2020, at 6:00 p.m. in the City offices in Elko New Market, Minnesota.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. _____

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE
PAYMENT OF \$[PAR] GENERAL OBLIGATION BONDS, SERIES 2020A

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this ____ day of May, 2020.

City Administrator

[It was reported that [____] ([____]) proposals for the purchase of \$[PAR] General Obligation Bonds, Series 2020A were received prior to 10:00 A.M., Central Time, on Thursday, May 14, 2020, pursuant to the Official Statement distributed to potential purchasers of the Bonds by Baker Tilly Municipal Advisors, LLC, municipal advisor to the City. The proposals have been publicly opened, read and tabulated and were found to be as follows:

See Attached]

Councilmember _____ introduced the following resolution and moved its adoption, which motion was seconded by Councilmember _____:

RESOLUTION AUTHORIZING ISSUANCE, AWARDED SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT OF \$[PAR] GENERAL OBLIGATION BONDS, SERIES 2020A

BE IT RESOLVED by the City Council (the “Council”), City of Elko New Market, Minnesota (the “City”), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization.

Following a public hearing, this Council by resolution adopted March 12, 2020, approved the City’s Street Reconstruction Plan (the “Street Reconstruction Plan”) and Capital Improvement Plan (the “CIP Plan”) and authorized the issuance and sale of CIP Bonds in an amount not to exceed \$2,460,000, pursuant to Minnesota Statutes, Section 475.521 (the “CIP Bonds”), for the purpose of financing the construction of various capital improvements identified in the CIP Plan (the “CIP Projects”), and the issuance of street reconstruction bonds in an amount not to exceed \$1,600,000 (the “Street Reconstruction Bonds”), under Minnesota Statutes, Chapter 475.58, Subdivision 3(b), as amended, in order to finance the costs of street reconstruction projects, as described in the Street Reconstruction Plan (the “Street Reconstruction Projects”). A petition requesting a vote on the question of issuing the Street Reconstruction Plan Bonds and CIP Bonds, signed by voters equal to five percent of the votes cast in the last municipal general election, was not filed with the City within 30 days of the public hearing. Accordingly, the issuance of the Street Reconstruction Plan Bonds and CIP Bonds is authorized without an election.

By resolution adopted on April 9, 2020, this Council hereby determined it to be in the best interests of the City to issue its General Obligation Bonds, Series 2020A (the “Bonds”), pursuant to Minnesota Statutes, Sections 412.301, 475.521, and 475.58, Subdivision 3(b), and Chapters 429, 444 and 475, for the purpose of (a) financing various improvement projects in the City (the “Improvements”), (b) financing various sewer improvements (the “Utility Project”) to the City’s sewer utility (the “System”), (c) financing various items of capital equipment (the “Equipment”), (d) financing the Street Reconstruction Projects, (e) financing the CIP Projects, and (f) funding costs of issuance of the Bonds (collectively, the “Project”).

The portion of the Bonds (\$[____]) that is being issued pursuant to Minnesota Statutes, Chapters 429 and 475 (the “Improvement Bonds”) will be used to finance the Improvements.

The portion of the Bonds (\$[____]) that is being issued pursuant to Minnesota Statutes, Section 444.075 and Chapter 475 (the “Utility Bonds”) will be used to finance the Utility Project.

The portion of the Bonds (\$[____]) that is being issued pursuant to Minnesota Statutes, Section 412.301 and Chapter 475 (the “Equipment Bonds”) will be used to finance the Equipment. The amount of the Equipment Bonds does not exceed 0.25 percent (\$1,178,806) of the estimated market value of taxable property in the City (\$471,522,400).

The portion of the Bonds (\$[____]) constituting the Street Reconstruction Bonds will be used as described in the first paragraph of this Section to finance the Street Reconstruction Projects.

The portion of the Bonds (\$[____]) constituting the CIP Bonds will be used as described in the first paragraph of this Section to finance the CIP Projects.

Maturity schedules for the Improvement Bonds, the Utility Bonds, the Equipment Bonds, the Street Reconstruction Bonds, and the CIP Bonds are attached hereto as EXHIBIT A.

1.02. Sale.

[Pursuant to the Notice of Sale and the Preliminary Official Statement prepared on behalf of the City by Baker Tilly Municipal Advisors, LLC, municipal advisor to the City (the “Municipal Advisor”), sealed or electronic proposals for the purchase of the Bonds were received at or before the time specified for receipt of proposals. The proposals have been opened, publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of [Purchaser], in [City], [State] (the “Purchaser”), to purchase the Bonds in the principal amount of \$[PAR], at a price of \$[____] plus accrued interest, if any, on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.]

[Pursuant to Minnesota Statutes, Section 475.60, subdivision 2, paragraph (9), the requirements as to public sale do not apply to the issuance of the Bonds. The City has received an offer from [____], in [____], [____] (the “Purchaser”), to purchase the Bonds at a price of \$[____], plus accrued interest on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.]

1.03. Award.

[In accordance with the resolution authorizing the issuance and sale of the Bonds, dated April 9, 2020, the principal amount of the Bonds does not exceed \$5,100,000, and the total interest cost does not exceed 4.00%. The execution by the Mayor and City Administrator of a contract with the Purchaser for the sale of the Bonds is hereby ratified.]

[The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed on behalf of the City to execute a contract for the sale of the Bonds with the Purchaser in accordance with the Preliminary Official Statement. The good faith deposit of the Purchaser shall be retained and deposited by the City until the Bonds have been delivered, and shall be deducted from the purchase price paid at settlement].

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Council to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of June 11, 2020, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on February 1 in the years and amounts stated below, and shall bear interest from date of issue until paid or duly called for redemption, at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2021	\$	%	2030	\$	%
2022			2031		
2023			2032		
2024			2035		
2025			2036		
2026			2037		
2027			2038		
2028			2039		
2029			2040		

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on February 1 and August 1 in each year, commencing February 1, 2021, each such date being referred to herein as an Interest Payment Date, to the persons in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the calendar month preceding such Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Bonds maturing on February 1, 2030 and in later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order

of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in integral multiples of \$5,000, on February 1, 2029, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the Registrar and registered holders of any Bonds to be redeemed at their addresses as they appear on the Bond Register described in Section 2.06 hereof, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[TO BE COMPLETED IF THERE ARE TERM BONDS]

[Bonds maturing on February 1, 20____ and 20____ (the “Term Bonds”) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

*

*Final Maturity

<u>Year</u>	<u>Principal Amount</u>
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*

*Final Maturity

Notice of redemption shall be given as provided in the preceding paragraph.]

2.05. Appointment of Registrar. The City hereby appoints U.S. Bank National Association, in St. Paul, Minnesota, as the initial Bond registrar, transfer agent and paying agent

(the “Registrar”). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar, effective upon not less than thirty days’ written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a register (the “Bond Register”) in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a Bond is registered in the Bond Register.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the Holder in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the first day of the month in which the interest payment date occurs and until such interest payment date.

(c) Exchange of Bonds. At the option of the Holder of any Bond in a denomination greater than \$5,000, such Bond may be exchanged for other Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Bond to be exchanged at the office of the Registrar. Whenever any Bond is so surrendered for exchange the City shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for

the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal of and interest on the Bond and for all other purposes; and all payments made to or upon the order of such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond 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 Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond 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, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until the date of delivery of such Bond.

Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond, substantially in the form provided in Section 2.09, has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on any Bond shall be conclusive evidence that it has been duly authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale theretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the Bond Register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner

of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, 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 interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of physical certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Mayor or City Administrator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of physical certificates and the method of payment of principal of and interest on such Bonds in the form of physical certificates.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the form found at EXHIBIT B attached hereto.

Section 3. USE OF PROCEEDS; PROJECT FUND.

3.01. Project Fund

There is hereby created a special bookkeeping fund to be designated as the General Obligation Bonds, Series 2020A Project Fund (the "Project Fund"), to be held and administered by the City Administrator separate and apart from all other funds of the City. Within the Project Fund are established the following accounts:

(a) Improvements Account. The Improvements Account shall be credited with \$[___], representing the estimated costs of the Improvements (\$[___]) and the costs

of issuance of the Improvement Bonds (\$[____]) from the proceeds from the Improvement Bonds. The City Administrator shall maintain the Improvements Account until payment of all costs and expenses incurred in connection with the construction of the Improvements have been paid.

(b) Utility Project Account. The Utility Project Account shall be credited with \$[____], representing the estimated costs of the Utility Projects (\$[____]) and costs of issuance of the Utility Bonds (\$[____]) from the proceeds of the Utility Bonds. The City Administrator shall maintain the Utility Project Account until all costs and expenses incurred by the City in connection with the construction of the Utility Project have been paid.

(c) Equipment Account. The Equipment Account shall be credited with \$[____], representing the estimated cost of the Equipment (\$[____]) and costs of issuance of the Equipment Bonds (\$[____]), from the proceeds of the Equipment Bonds. The City Administrator shall maintain the Equipment Account until all costs and expenses incurred by the City in connection with the Equipment have been paid.

(d) Street Reconstruction Projects Account. The Street Reconstruction Projects Account shall be credited with \$[____], representing the estimated cost of the Street Reconstruction Projects (\$[____]) and costs of issuance of the Street Reconstruction Bonds (\$[____]), from the proceeds of the Street Reconstruction Bonds. The City Administrator shall maintain the Street Reconstruction Projects Account until all costs and expenses incurred by the City in connection with the Street Reconstruction Projects have been paid.

(e) CIP Projects Account. The CIP Projects Account shall be credited with \$[____], representing the estimated cost of the CIP Projects (\$[____]) and costs of issuance of the CIP Bonds (\$[____]), from the proceeds of the CIP Bonds. The City Administrator shall maintain the CIP Projects Account until all costs and expenses incurred by the City in connection with the CIP Projects have been paid.

From the Project Fund there shall be paid all costs and expenses related to the construction and acquisition of the Project. After payment of all such costs and expenses, the Project Fund shall be terminated. All funds on hand in the Project Fund when terminated shall be credited to the Bond Fund described in Section 4 hereof, unless and except as such proceeds may be transferred to some other fund or account as to which the City has received from bond counsel an opinion that such other transfer is permitted by applicable laws and does not impair the exemption of interest on the Bonds from federal income taxes. In no event shall funds remain in the Project Fund later than June 11, 2025.

SECTION 4. GENERAL OBLIGATION BONDS, SERIES 2020A BOND FUND. The Bonds shall be payable from a separate General Obligation Bonds, Series 2020A Bond Fund (the “Bond Fund”) of the City, which shall be created and maintained on the books of the City as a separate debt redemption fund until the Bonds, and all interest thereon, are fully paid. Within the Debt Service Account (described below) within the Bond Fund are established the following subaccounts:

- (a) Improvements Subaccount. There shall be credited to the Improvements subaccount the following:
 - (i) the amounts specified in Section 3 above, after payment of all costs of the Improvements;
 - (ii) special assessments levied and collected in accordance with this Resolution;
 - (iii) taxes levied and collected in accordance with this Resolution and allocable to the Improvement Bonds; and
 - (iv) any other funds appropriated by this Council for the payment of the Improvement Bonds.

- (b) Utility Subaccount. There shall be credited to the Utility Subaccount the following:
 - (i) the amounts specified in Section 3 above, after payment of all costs of the Utility Project;
 - (ii) net revenues of the System, as described in Section 6 hereof;
 - (iii) taxes levied and collected in accordance with this Resolution and allocable to the Utility Bonds; and
 - (iv) any other funds appropriated by the Council for the payment of the Utility Bonds.

- (c) Equipment Subaccount. There shall be credited to the Equipment Subaccount the following:
 - (i) the amounts specified in Section 3 above, after payment of all costs of the Equipment;
 - (ii) taxes levied and collected in accordance with this Resolution and allocable to the Equipment Bonds; and
 - (iii) any other funds appropriated by the Council for the payment of the Equipment Bonds.

- (d) Street Reconstruction Subaccount. There shall be credited to the Street Reconstruction subaccount the following:
 - (i) the amounts specified in Section 3 above, after payment of all costs of the Street Reconstruction Projects;

- (ii) taxes levied and collected in accordance with this Resolution and allocable to the Street Reconstruction Bonds; and
 - (iii) any other funds appropriated by this Council for the payment of the Street Reconstruction Bonds.
- (e) CIP Subaccount. There shall be credited to the CIP subaccount the following:
- (i) the amounts specified in Section 3 above, after payment of all costs of the CIP Projects;
 - (ii) taxes levied and collected in accordance with this Resolution and allocable to the CIP Bonds; and
 - (iii) any other funds appropriated by this Council for the payment of the CIP Bonds.

The principal of and interest on the Bonds shall be payable from the Bond Fund, and the money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. On or before each principal and interest payment date for the Bonds, the City Administrator is directed to remit to the Registrar from funds on deposit in the Bond Fund the amount needed to pay principal and interest on the Bonds on the next succeeding principal and interest payment date.

There are hereby established two accounts in the Bond Fund, designated as the “Debt Service Account” and the “Surplus Account.” There shall initially be deposited into the Debt Service Account upon the issuance of the Bonds the amount of \$[0]. Thereafter, during each bond year (each twelve month period commencing on February 2 and ending on the following February 1, a “Bond Year”), as monies are received into the Bond Fund, the City Administrator shall first deposit such monies into the applicable subaccount within the Debt Service Account until an amount has been appropriated thereto sufficient to pay all principal and interest due on the Bonds through the end of the Bond Year. All subsequent monies received in the Bond Fund during the Bond Year shall be appropriated to the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient for the payment of principal and interest then due, the City Administrator shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency. Investment earnings (and losses) on amounts from time to time held in the Debt Service Account and Surplus Account shall be credited or charged to said accounts.

If the balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the City which is available for that purpose, subject to reimbursement from the Surplus Account when the balance therein is sufficient, and the City covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

SECTION 5. SPECIAL ASSESSMENTS. The City hereby covenants and agrees that, for the payment of the costs of the Improvements, the City has done or will do and perform all acts and things necessary for the final and valid levy of special assessments in the principal amount of \$158,771, which is not less than 20% of the cost of the Improvements. The principal of and interest on such special assessments are estimated to be levied and collected in the years and amounts shown on EXHIBIT C attached hereto. The principal of the assessments shall be made payable in annual installments, with interest as established by this Council in accordance with law on unpaid installments thereof from time to time remaining unpaid. In the event any special assessment shall at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the City or by this Council or by any of the officers or employees of the City, either in the making of such special assessment or in the performance of any condition precedent thereto, the City hereby covenants and agrees that it will forthwith do all such further things and take all such further proceedings as shall be required by law to make such special assessment a valid and binding lien upon said property.

SECTION 6. PLEDGE OF NET REVENUES. It is hereby found, determined and declared that the City owns and operates the System as a revenue-producing utility and as a convenience, and that the net operating revenues of the System, after deducting from the gross receipts derived from charges for the service, use and availability of the System the normal, current and reasonable expenses of operation and maintenance thereof, will be sufficient, together with any other pledged funds, for the payment when due of the principal of and interest on the Utility Bonds and on any other bonds to which such revenues are pledged.

Pursuant to Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the registered owners from time to time of the Bonds that until the Utility Bonds and the interest thereon are discharged as provided in Section 8 or paid in full, the City will impose and collect reasonable charges in accordance with said Section 444.075 for the service, use and availability of its System according to schedules sufficient to produce net revenues sufficient, with other funds pledged to payment of the Utility Bonds, to pay the Utility Bonds and any other bonds to which said net revenues have been pledged; and the net revenues, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the Bonds and interest thereon when due. Nothing herein shall preclude the City from hereafter making further pledges and appropriations of the net revenues of its System for payment of additional obligations of the City hereafter authorized if the Council determines before the authorization of such additional obligations that the estimated net revenues of the System will be sufficient, together with any other sources pledged to the payment of the outstanding and additional obligations, for payment of the outstanding bonds and such additional obligations. Such further pledges and appropriations of net revenues may be made superior or subordinate to or on a parity with, the pledge and appropriation herein made.

SECTION 7. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. In order to produce aggregate amounts which, together with the collections of other amounts as set forth in Section 4, will produce amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, ad valorem taxes are hereby

levied on all taxable property in the City, the taxes to be levied and collected in the following years and amounts:

<u>Levy Years</u>	<u>Collection Years</u>	<u>Amount</u>
See attached schedules		

The taxes shall be irrevocable as long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the tax levies from other legally available funds, in accordance with the provisions of Minnesota Statutes, Section 475.61.

SECTION 8. DEFEASANCE. When all of the Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the Holders of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the 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 Registrar a sum sufficient for the payment thereof in full with interest accrued from the due date 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 Registrar on or before that date an amount equal to the principal, redemption premium, if any, and interest then due, provided that notice of such redemption has been duly given as provided herein. 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 the Registrar or with a bank or trust company qualified by law to act as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited for such purpose, bearing interest payable at such times and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or, if notice of redemption as herein required has been irrevocably provided for, to an earlier designated redemption date. If such deposit is made more than ninety days before the maturity date or specified redemption date of the Bonds to be discharged, the City must have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates or earlier designated redemption date.

SECTION 9. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

9.01. General Tax Covenant. The City agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action that would cause interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the "Code") and applicable Treasury Regulations (the "Regulations"), and agrees to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross

income of the recipient under the Code and the Regulations. All proceeds of the Bonds deposited in the Project Fund will be expended solely for the payment of the costs of the Project. The Project is and will be owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, management contract, use agreement, capacity agreement or other agreement with any non-governmental person relating to the use of the Project, or any portion thereof, or security for the payment of the Bonds which might cause the Bonds to be considered “private activity bonds” or “private loan bonds” pursuant to Section 141 of the Code.

9.02. Arbitrage Certification. The Mayor and City Administrator being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with Section 148 of the Code, and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and Regulations.

9.03. Arbitrage Rebate. The City acknowledges that the Bonds are subject to the rebate requirements of Section 148(f) of the Code. The City covenants and agrees to retain such records, make such determinations, file such reports and documents and pay such amounts at such times as are required under said Section 148(f) and applicable Regulations unless the Bonds qualify for an exception from the rebate requirement pursuant to one of the spending exceptions set forth in Section 1.148-7 of the Regulations and no “gross proceeds” of the Bonds (other than amounts constituting a “bona fide debt service fund”) arise during or after the expenditure of the original proceeds thereof.

9.04. Qualified Tax-Exempt Obligations. The City Council hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the City and all subordinate entities during calendar year 2020 does not exceed \$10,000,000.

9.05. Reimbursement. The City certifies that the proceeds of the Bonds will not be used by the City to reimburse itself for any expenditure with respect to the Project which the City paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the City shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to “preliminary expenditures” for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the “issue price” of the Bonds.

9.06. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to

comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2019, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement

under the headings: “City Property Values,” “City Indebtedness,” and “City Tax Rates, Levies, and Collections,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - (G) modifications to rights of Bond holders, if material;
 - (H) Bond calls, if material and tender offers;
 - (I) defeasances;
 - (J) release, substitution, or sale of property securing repayment of the Bonds if material;

- (K) rating changes;
- (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
- (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of

operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SECTION 10. CERTIFICATION OF PROCEEDINGS.

10.01. Registration of Bonds. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Scott County, together with such additional information as is required, and to obtain a certificate that the Bonds and the taxes levied pursuant hereto have been duly entered upon the County Auditor's Bond register.

10.02. Authentication of Transcript. The officers of the City and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

10.03. Official Statement. The Preliminary Official Statement relating to the Bonds, prepared and distributed by the Municipal Advisor, is hereby approved. The Municipal Advisor is hereby authorized on behalf of the City to prepare and distribute to the Purchaser within seven business days from the date hereof, a Final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

10.04. Effective Date. This resolution shall be in full force and effect from and after its passage.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the Resolution was declared duly passed and adopted.

EXHIBIT A

Maturity Schedules

<u>Year</u>	<u>Improvement Bonds</u>	<u>Utility Bonds</u>	<u>Equipment Bonds</u>	<u>Street Reconstruction Bonds</u>	<u>CIP Bonds</u>	<u>Total</u>
2021						
2022						
2023						
2024						
2025						
2026						
2027						
2028						
2029						
2030						
2031						
2032						
2035						
TOTAL						

EXHIBIT B

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF SCOTT

CITY OF ELKO NEW MARKET

GENERAL OBLIGATION BONDS,
SERIES 2020A

R-___ \$_____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
___%	February 1, 20__	June 11, 2020	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

CITY OF ELKO NEW MARKET, State of Minnesota (the “City”) acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above and promises to pay interest thereon from the date of original issue specified above or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual interest rate specified above, payable on February 1 and August 1 in each year, commencing February 1, 2021 (each such date, an “Interest Payment Date”), all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month preceding such Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof at the principal office of the agent of the Registrar described below, the principal hereof are payable in lawful money of the United States of America by check or draft drawn on U.S. Bank National Association, St. Paul, Minnesota, as Bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the “Registrar”) or other agreed-upon means of payment by the Registrar or its designated successor. For the prompt and full payment of such principal and interest as the same respectively come due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue (the “Bonds”) in the aggregate principal amount of \$[PAR] issued pursuant to a resolution adopted by the City Council on May 14, 2020 (the “Resolution”), to finance various street and sewer improvements in the City, various items of capital equipment, various street reconstruction projects, various capital improvement projects, and to fund the costs of issuance of the Bonds. This Bond issued by authority of and in strict accordance with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Sections 412.301,

475.521, and 475.58, Subdivision 3(b), and Chapters 429, 444 and 475. For the full and prompt payment of the principal of and interest on the Bonds as the same become due, the full faith, credit and taxing power of the City have been and are hereby irrevocably pledged. The Bonds are issuable only in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing on February 1, 2030 and later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the Bond depository in accordance with its customary procedures) in multiples of \$5,000, on February 1, 2029, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City shall cause notice of the call for redemption thereof to be published if and to the extent required by law, and at least thirty (30) and not more than sixty (60) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail (or, if applicable, provided in accordance with the operational arrangements of the securities depository), to the registered holders of any Bonds, at the holders' addresses as they appear on the Bond register maintained by the Bond Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[TO BE COMPLETED IF THERE ARE TERM BONDS]

[Bonds maturing on February 1, 20____ and 20____ (the "Term Bonds") shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

<u>Year</u>	<u>Principal Amount</u>
*	
*Final Maturity	
<u>Year</u>	<u>Principal Amount</u>
*	
*Final Maturity	

Notice of redemption shall be given as provided in the preceding paragraph.].

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the designated transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date; subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have been designated by the City as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment as herein provided and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the City Council has by the Resolution covenanted and agreed to collect and apply to payment of the bonds ad valorem taxes levied on all taxable property in the City, certain net revenues of its municipal sewer system, and special assessments upon property specially benefited by the local improvements financed with the Bonds, which taxes, revenues, and assessments are estimated to be collectible in years and amounts sufficient to produce sums not less than 5% in excess of the principal of and interest on the Bonds when due, and has appropriated such assessments, revenues and taxes to its General Obligation Bonds, Series 2020A Bond Fund for the payment of such principal and interest; that if necessary for the payment of such principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the City, without limitation as to rate or amount; that all proceedings relative to the projects financed by this Bond have been or will be taken according to law and that the issuance of this Bond, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and City Administrator and has caused this Bond to be dated as of the date set forth below.

CITY OF ELKO NEW MARKET, MINNESOTA

(facsimile signature – City Administrator)

(facsimile signature – Mayor)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By _____
Authorized Representative

EXHIBIT C

Special Assessments and Tax Levies

[See Attached]

SCOTT COUNTY AUDITOR'S
CERTIFICATE AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Scott County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on May 14, 2020, by the City Council of Elko New Market, Minnesota, setting forth the form and details of an issue of \$[PAR] General Obligation Bonds, Series 2020A dated the date of issuance thereof.

I further certify that the issue has been entered on my bond register and the taxes required by law have been levied as required by Minnesota Statutes, Sections 475.61 to 475.63.

WITNESS my hand and official seal on the _____ day of _____, 2020.

Scott County Auditor

(SEAL)

PRELIMINARY OFFICIAL STATEMENT DATED MAY 1, 2020

NEW ISSUE
BANK QUALIFIED

S&P Rating: Requested

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), (ii) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for Minnesota alternative minimum tax purposes. The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the U.S. Internal Revenue Code of 1986 (the "Code") relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX CONSIDERATIONS" herein.

\$4,965,000*

City of Elko New Market, Minnesota

General Obligation Bonds, Series 2020A

(Book Entry Only)

Dated Date: Date of Delivery

**Interest Due: Each February 1 and August 1,
commencing February 1, 2021**

The Bonds will mature February 1 in the years and amounts* as follows:

2021	\$315,000	2025	\$300,000	2029	\$310,000	2033	\$190,000	2037	\$190,000
2022	\$280,000	2026	\$300,000	2030	\$325,000	2034	\$195,000	2038	\$200,000
2023	\$285,000	2027	\$305,000	2031	\$180,000	2035	\$200,000	2039	\$205,000
2024	\$295,000	2028	\$310,000	2032	\$180,000	2036	\$185,000	2040	\$215,000

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030 at a price of par plus accrued interest.

The Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City's water, sewer, and storm sewer systems for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance (i) construction of various capital improvements identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020; (ii) street reconstruction projects identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020; (iii) the acquisition of various items of equipment; (iv) various street improvement projects; and (v) sewer improvements.

Proposals shall be for not less than \$4,890,525 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

The City will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Bonds will be issued as fully registered obligations without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about June 11, 2020.

PROPOSALS RECEIVED: Thursday, May 14, 2020 until 10:00 A.M., Central Time

**CONSIDERATION OF AWARD: Council meeting commencing at 6:00 P.M., Central Time on
Thursday, May 14, 2020**



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

CITY OF ELKO NEW MARKET, MINNESOTA

CITY COUNCIL

Joe Julius	Mayor
Josh Berg	Councilmember
Amanda Novak	Councilmember
Dawn Seepersaud	Councilmember
Kate Timmerman	Councilmember

CITY ADMINISTRATOR

Thomas Terry

ACCOUNTANT

Kellie Stewart

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Dorsey & Whitney, LLP
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$4,965,000*

**CITY OF ELKO NEW MARKET, MINNESOTA
GENERAL OBLIGATION BONDS, SERIES 2020A
(BOOK ENTRY ONLY)**

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Elko New Market, Minnesota (the “City”) on Thursday, May 14, 2020 (the “Sale Date”) until 10:00 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 6:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Completed, signed proposals may be submitted to Baker Tilly MA by email to bondservice@bakertilly.com or by fax (651) 223-3046, and must be received prior to the Sale Time.

OR

(b) ***Electronic Bidding.*** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE BONDS

The Bonds will be dated June 11, 2020 and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

2021	\$315,000	2025	\$300,000	2029	\$310,000	2033	\$190,000	2037	\$190,000
2022	\$280,000	2026	\$300,000	2030	\$325,000	2034	\$195,000	2038	\$200,000
2023	\$285,000	2027	\$305,000	2031	\$180,000	2035	\$200,000	2039	\$205,000
2024	\$295,000	2028	\$310,000	2032	\$180,000	2036	\$185,000	2040	\$215,000

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

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

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City's water, sewer, and storm sewer systems for repayment of a portion of the Bonds. The proceeds of the Bonds will be used to finance (i) construction of various capital improvements identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020; (ii) street reconstruction projects identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020; (iii) the acquisition of various items of equipment); (iv) various street improvement projects; and (v) sewer improvements.

BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

BIDDING PARAMETERS

Proposals shall be for not less than \$4,890,525 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, third-party distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity," and "the public" does not include underwriters of the Bonds (including members of a selling group or retail distribution group) or persons related to underwriters of the Bonds.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the District to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, substantially in the form attached hereto as Exhibit A, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied, the hold-the-offering price rule will apply. The Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification substantially in the form attached hereto as Exhibit B, together with a copy of the pricing wire.

Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

Bidders should prepare their proposals on the assumption that the Bonds will be subject to the “hold-the-offering-price” rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and proposals submitted will not be subject to cancellation or withdrawal.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$49,650 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any proposal specifying municipal bond insurance, even though such proposal may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about June 11, 2020, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email bondservice@bakertilly.com. The Preliminary Official Statement will also be made available at <https://go.bakertilly.com/bond-sales-calendar>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated April 9, 2020

BY ORDER OF THE CITY COUNCIL

/s/ Mr. Thomas Terry
City Administrator

EXHIBIT A

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH AT LEAST THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[SHORT NAME OF UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.*** For purposes of this Issue Price Certificate:

(a) *Issuer* means [DESCRIBE ISSUER].

(b) *Maturity* means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(d) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a

corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and BORROWER (the "Borrower")] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER]

By: _____

—

Name: _____

—

Dated: [ISSUE DATE]

SCHEDULE A
EXPECTED OFFERING PRICES
(Attached)

SCHEDULE B
COPY OF UNDERWRITER'S BID
(Attached)

EXHIBIT B

ISSUE PRICE CERTIFICATE – COMPETITIVE SALES WITH FEWER THAN THREE BIDS FROM ESTABLISHED UNDERWRITERS

\$[PRINCIPAL AMOUNT]
[BOND CAPTION]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”] [the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the obligations named above (the “Bonds”).

1. **Initial Offering Price of the Bonds.** [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Bonds to the Public for purchase at the specified initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire for the Bonds is attached to this certificate as Schedule B.

2. **First Price at which Sold to the Public.** On the Sale Date, at least 10% of each Maturity [listed in Schedule C] was first sold to the Public at the respective Initial Offering Price [or price specified [therein] [in Schedule C], if different].

3. **Hold the Offering Price Rule.** [SHORT NAME OF UNDERWRITER] [Each member of the Underwriting Group] has agreed in writing that, (i) for each Maturity less than 10% of which was first sold to the Public at a single price as of the Sale Date, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “Hold-the-Offering-Price Rule”), and (ii) any agreement among underwriters, selling group agreement, or third-party distribution agreement contains the agreement of each underwriter, dealer, or broker-dealer who is a party to such agreement to comply with the Hold-the-Offering-Price Rule. Based on the [Representative] [SHORT NAME OF UNDERWRITER]’s own knowledge and, in the case of sales by other Members of the Distribution Group, representations obtained from the other Members of the Distribution Group, no Member of the Distribution Group has offered or sold any such Maturity at a price that is higher than the respective Initial Offering Price during the respective Holding Period.

4. **Defined Terms.** For purposes of this Issue Price Certificate:

(a) **Holding Period** means the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which Members of the Distribution Group have sold at least 10% of such Maturity to the Public at one or more prices, none of which is higher than the Initial Offering Price for such Maturity.

(b) **Issuer** means [DESCRIBE ISSUER].

(c) **Maturity** means Bonds with the same credit and payment terms. Any Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Member of the Distribution Group* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Public* means any person (*i.e.*, an individual, trust, estate, partnership, association, company, or corporation) other than a Member of the Distribution Group or a related party to a Member of the Distribution Group. A person is a “related party” to a Member of the Distribution Group if the Member of the Distribution Group and that person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(f) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the respective Maturity. The Sale Date of each Maturity was [DATE].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDEWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and BORROWER (the “Borrower”)] with respect to certain of the representations set forth in the [Tax Certificate][Tax Exemption Agreement] and with respect to compliance with the federal income tax rules affecting the Bonds, and by [BOND COUNSEL] in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038[-G][-GC][-TC], and other federal income tax advice that it may give to the Issuer[and the Borrower] from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

—

Name: _____

—

Dated: [ISSUE DATE]

SCHEDULE A
INITIAL OFFERING PRICES OF THE BONDS
(Attached)

SCHEDULE B
PRICING WIRE
(Attached)

SCHEDULE C

**SALES OF AT LEAST 10% OF MATURITY TO THE PUBLIC ON THE SALE DATE
AT THE INITIAL OFFERING PRICE**

(Attached)

OFFICIAL STATEMENT

\$4,965,000*

CITY OF ELKO NEW MARKET, MINNESOTA GENERAL OBLIGATION BONDS, SERIES 2020A

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

General

This Official Statement contains certain information relating to the City of Elko New Market, Minnesota (the “City”) and its issuance of \$4,965,000* General Obligation Bonds, Series 2020A (the “Bonds”). The Bonds are general obligations of the City for which it pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City’s water, sewer, and storm sewer systems for repayment of a portion of the Bonds.

Inquiries may be directed to Mr. Thomas Terry, City Administrator, City of Elko New Market, 601 Main Street, Elko New Market, Minnesota 55054, by telephoning (952) 461-2777, or by emailing tterry@ci.enm.mn.us. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bondservice@bakertilly.com.

Potential Impacts Resulting from Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state, and local governments, including the City, continue efforts to contain and limit the spread COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the City and its ability to fund debt obligations, including the Bonds in accordance with its terms. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City or its financial position.

CONTINUING DISCLOSURE

In order to permit bidders for the Bonds and other participating underwriters in the primary offering of the Bonds to comply with paragraph h (b)(5) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “Rule”), the City will covenant and agree, for the benefit of the registered holders or beneficial owners from time to time of the outstanding Bonds, in the City Resolution, to provide annual reports of specified information and notice of the occurrence of certain events, if material, as hereinafter described (the “Disclosure Covenants”). The information to be provided on an annual basis, the events as to which notice is to be given, if material, and a summary of other provisions of the Disclosure Covenants, including termination, amendment and remedies, are set forth in Appendix II to this Official Statement.

* Preliminary; subject to change.

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

General Description

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing February 1, 2021. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled “Book Entry System.” U.S. Bank National Association, Saint Paul, Minnesota will serve as Registrar for the Bonds, and the City will pay for registrar services.

Redemption Provisions

Thirty days’ written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing

agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, 475, Sections 412.301, 475.521, and 475.58 (subd. 3b), and the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020.

The proceeds of the Bonds will be used to finance (i) construction of various capital improvements identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020 (the "CIP Portion"); (ii) street reconstruction projects identified in the City's 2019-2023 Capital Improvement and Street Reconstruction Plan adopted March 12, 2020 (the "Street Reconstruction Portion"); (iii) the acquisition of various items of equipment (the "Equipment Portion"); (iv) various street improvement projects (the "Improvement Portion"); and (v) sewer improvements (the "Utility Portion").

SOURCES AND USES OF FUNDS

The composition of the Bonds is estimated to be as follows:

	<u>CIP Portion</u>	<u>Street Reconstruction Portion</u>	<u>Equipment Portion</u>	<u>Improvement Portion</u>	<u>Utility Portion</u>	<u>Total</u>
Sources of Funds:						
Principal Amount	\$2,065,000	\$1,240,000	\$815,000	\$595,000	\$250,000	\$4,965,000
Prepaid Special Assessments	0	0	0	16,000	0	16,000
Water Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,644</u>	<u>0</u>	<u>7,644</u>
Total Sources of Funds	\$2,065,000	\$1,240,000	\$815,000	\$618,644	\$250,000	\$4,988,644
Uses of Funds:						
Deposit to Project Fund	\$2,000,000	\$1,205,000	\$790,000	\$600,000	\$242,700	\$4,837,700
Costs of Issuance	34,025	16,400	12,775	9,719	3,550	76,469
Allowance for Discount Bidding	<u>30,975</u>	<u>18,600</u>	<u>12,225</u>	<u>8,925</u>	<u>3,750</u>	<u>74,475</u>
Total Uses of Funds	\$2,065,000	\$1,240,000	\$815,000	\$618,644	\$250,000	\$4,988,644

SECURITY AND FINANCING

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Bonds are described below.

CIP Portion

The City will make its first levy for the CIP Portion of the Bonds in 2020 for collection in 2021. The City expects to use available City funds to pay the principal and interest payment due February 1, 2021 on the CIP Portion of the Bonds. Thereafter, each year’s collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Minnesota Statutes, Section 475.521, limits the maximum amount of principal and interest to become due in any year on all outstanding capital improvement plan bonds to be not more than 0.16% of the estimated market value of property for taxes payable in the year in which the bonds are issued or sold. The statutory maximum allowable for annual debt service on the City’s capital improvement plan bonds is \$754,435, based on the City’s 2019/20 estimated market value of \$471,522,400. The maximum annual debt service for the City’s outstanding capital improvement plan bond issues, including an estimate for the CIP Portion of the Bonds, is approximately \$310,073, which is within the statutory limit.

Street Reconstruction Portion

The City will make its first levy for the Street Reconstruction Portion of the Bonds in 2020 for collection in 2021. The City expects to use available City funds to pay the principal and interest payment due February 1, 2021 on the Street Reconstruction Portion of the Bonds. Thereafter, each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Equipment Portion

The City will make its first levy for the Equipment Portion of the Bonds in 2020 for collection in 2021. The City expects to use available City funds to pay the principal and interest payment due February 1, 2021 on the Equipment Portion of the Bonds. Thereafter, each year's collection of taxes, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Minnesota Statutes, Section 412.301, as amended, specifies that the City may issue certificates of indebtedness to purchase capital equipment without referendum and without being subject to a petition for a referendum if the total amount of the issue does not exceed $\frac{1}{4}$ of 1% of the estimated market value of the City. Based on the City's 2019/20 estimated market value of \$471,522,400, this represents a maximum issue size of approximately \$1,178,806. The principal amount of the Equipment Portion of the Bonds in the amount of \$815,000 is within that limitation and is therefore not subject to petition.

Improvement Portion

The City pledges special assessments against benefited properties for repayment of the Improvement Portion of the Bonds. Special assessments in the principal amount of approximately \$158,771 were filed in 2019 for collection in 2020. The City received prepayments of approximately \$16,000. Assessments were filed over a term of 10 years with equal annual payments of principal and interest. Interest on the unpaid balance is charged at an interest rate of 3.0%.

The City will also levy taxes for repayment of the Improvement Portion of the Bonds and will make its first levy in 2020 for collection in 2021. The City expects to use available City funds and special assessments to pay the principal and interest payment due February 1, 2021 on the Improvement Portion of the Bonds. Thereafter, each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Utility Portion

Pursuant to Minnesota Statutes, Chapter 444, and the resolution awarding the sale of the Bonds, the City will covenant to maintain rates for the service, use, availability and connection to the City's Water, Sewer, and Storm Sewer systems to produce net revenues in amounts sufficient to support the operation of the City's Water, Sewer, and Storm Sewer systems and to pay 105% of the debt service due on obligations to which it has pledged its Water, Sewer, and Storm Sewer revenues, including the Utility Portion of the Bonds. The City is required to annually review the budget of the City's Water, Sewer, and Storm Sewer systems to determine whether current rates and charges are sufficient and to adjust such rates and charges as necessary. The City does not anticipate the need to levy taxes for repayment of the Utility Portion of the Bonds.

FUTURE FINANCING

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

LEGALITY

The Bonds are subject to approval as to certain matters by Dorsey & Whitney, LLP, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent expressly specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as: holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies; brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect of the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the “issue price” of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

Tax-Exempt Interest

In the opinion of Dorsey & Whitney LLP, (“Bond Counsel”), based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is not an item of tax preference for federal alternative minimum tax purposes; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in net income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the Bonds is included in federal gross income or in Minnesota taxable net income.

Original Issue Discount

Bonds may be issued at a discount from their principal amount (any such Bonds being “Discount Bonds”). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes “original issue discount” (“OID”). OID that accrues to a holder of a Discount Bond is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of OID that accrues on a Discount Bond is added to the holder’s federal and Minnesota tax basis. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues pursuant to a constant-yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of OID that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior accrual periods. If a Discount Bond is sold or otherwise disposed of between compounding dates, then the original issue discount that would have accrued for that accrual period for federal income tax purposes is allocated ratably to the days in that accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the issue price plus accrued interest and accrued OID, the amount of OID that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of the Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed, or retired for an amount equal to or less than their cost.

It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual and may be deemed to accrue differently than under federal law.

Market Discount

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

Bond Premium

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax bases for the Bond. Premium generally is amortized for federal income tax purposes and Minnesota income and franchise tax purposes on the basis of a bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, holders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, and trusts.

Related Tax Considerations

Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain social security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits.

Section 265(a) of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. In the case of a financial institution, generally, no deduction is allowed under section 265(b) the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations." Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds.

The Bonds are "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

Sale or Other Disposition

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued OID with respect to the Bond and reduced by the amount of any amortized bond

premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

Information Reporting and Backup Withholding

Payments of interest on the Bonds (including any allocable bond premium or accrued OID) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

THE FOREGOING IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF COLLATERAL TAX CONSEQUENCES ARISING FROM OWNERSHIP OR DISPOSITION OF THE BONDS OR RECEIPT OF INTEREST ON THE BONDS. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF, OR TAX CONSIDERATIONS FOR, PURCHASING OR HOLDING THE BONDS.

BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATING

Application for a rating of the Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each document and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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CITY PROPERTY VALUES

Trend of Values^(a)

Assessment/ Collection <u>Year</u>	Assessor's Estimated <u>Market Value</u>	Sales <u>Ratio^(b)</u>	Economic <u>Market Value^(c)</u>	Market Value Homestead <u>Exclusion</u>	Taxable <u>Market Value</u>	Adjusted Taxable Net <u>Tax Capacity</u>
2019/20	\$471,522,400	N/A	N/A	\$14,137,408	\$449,427,000	\$5,380,209
2018/19	422,117,200	93.1%	\$474,938,129	15,886,843	418,858,900	5,003,934
2017/18	410,718,400	91.2	450,150,291	17,338,500	387,893,300	4,681,589
2016/17	379,157,900	94.1	402,958,617	19,083,300	355,102,700	4,285,675
2015/16	362,344,400	97.4	371,836,805	19,901,000	337,942,000	4,034,401

(a) For a description of the Minnesota property tax system, see Appendix III.

(b) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values>.

(c) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values>.

Source: Scott County, Minnesota, March 2020, except as otherwise noted.

2019/20 Adjusted Taxable Net Tax Capacity: \$5,380,209

Real Estate:		
Residential Homestead	\$4,303,559	92.6%
Commercial/Industrial, Railroad, and Public Utility	239,961	5.2
Agricultural	35,346	0.8
Other	19,700	0.4
Personal Property	<u>48,961</u>	<u>1.1</u>
2019/20 Net Tax Capacity	\$4,647,527	100.0%
Less: Contribution to Fiscal Disparities	(108,013)	
Plus: Distribution from Fiscal Disparities	<u>840,695</u>	
2019/20 Adjusted Taxable Net Tax Capacity	\$5,380,209	

Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019/20 Net Tax Capacity</u>
R&F Properties LLC	Commercial	\$ 57,842
KJ Walk Inc.	Commercial	34,619
Copperhead Development, Inc.	Golf Course	23,961
MN Energy Resources, Inc.	Utility	23,706
ENM Venture LLC	Commercial	20,014
TDF Investments	Commercial/Residential	16,632
IH2 Property Illinois LP	Residential	14,741
Northfield Hospital	Commercial	13,812
Old Town Partners LLC	Commercial	13,584
The Farm Development Co. LLC	Real Estate	<u>13,257</u>
Total		\$232,168*

* Represents 4.3% of the City's 2019/20 adjusted taxable net tax capacity.

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2019/20 Estimated Market Value)	\$14,145,672
Less: Outstanding Debt Subject to Limit	<u>(6,367,000)</u>
 Legal Debt Margin as of June 11, 2020	 \$7,778,672

* The legal debt margin is referred to statutorily as the “Net Debt Limit” and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Debt Supported Solely by Taxes*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-11-20</u>
12-14-10	450,000	Library Facilities	2-1-2032	\$ 342,000
11-5-12	115,000	Street Reconstruction Refunding	2-1-2024	40,000
12-15-13	1,570,000	Capital Improvement Plan	2-1-2029	1,030,000
8-20-15	130,000	Capital Improvement Plan	2-1-2026	90,000
8-20-15	130,000	Street Reconstruction	2-1-2026	90,000
8-20-15	1,125,000	Equipment	2-1-2025	655,000
6-11-20	2,065,000	Capital Improvement Plan (the Capital Improvement Plan Portion of the Bonds)	2-1-2040	2,065,000
6-11-20	1,240,000	Street Reconstruction (the Street Reconstruction Portion of the Bonds)	2-1-2040	1,240,000
6-11-20	815,000	Equipment Portion (the Equipment Portion of the Bonds)	2-1-2030	<u>815,000</u>
 Total				 \$6,367,000

* These issues are subject to the legal debt limit.

General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-11-20</u>
7-1-11	\$1,380,000	Refunding	2-1-2026	\$ 725,000
8-20-15	340,000	Refunding	2-1-2024	190,000
6-11-20	595,000	Street Improvements (the Improvement Portion of the Bonds)	2-1-2030	<u>595,000</u>
 Total				 \$1,510,000

General Obligation Utility Revenue Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-11-20</u>
11-5-12	\$1,175,000	Refunding	2-1-2025	\$ 560,000
10-29-14	2,073,254	Water Treatment Facility (PFA Loan)	8-20-2034	8,254,000
8-20-15	625,000	Utility Refunding	2-1-2024	355,000
6-11-20	250,000	Utility (the Utility Portion of the Bonds)	2-1-2035	<u>250,000</u>
Total				\$9,419,000

General Obligation Tax Abatement Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 6-11-20</u>
12-15-13	\$530,000	Tax Abatement	2-1-2024	\$230,000

Estimated Calendar Year Debt Service Payments Including the Bonds

<u>Year</u>	<u>G.O. Debt Supported Solely by Taxes</u>		<u>G.O. Special Assessment Debt</u>	
	<u>Principal</u>	<u>Principal & Interest^(a)</u>	<u>Principal</u>	<u>Principal & Interest^(b)</u>
2020 (at 6-11)	(Paid)	\$ 30,898	(Paid)	\$ 14,558
2021	\$ 529,000	703,380	\$ 215,000	254,323
2022	510,000	659,253	215,000	247,398
2023	515,000	653,473	230,000	256,513
2024	531,000	658,192	230,000	250,193
2025	532,000	647,458	185,000	199,213
2026	398,000	502,776	195,000	203,381
2027	379,000	474,365	60,000	64,725
2028	390,000	475,612	60,000	63,510
2029	396,000	471,043	60,000	62,190
2030	282,000	347,974	60,000	60,750
2031	192,000	251,930		
2032	193,000	247,677		
2033	170,000	219,215		
2034	175,000	218,736		
2035	180,000	217,878		
2036	185,000	216,718		
2037	190,000	215,295		
2038	200,000	218,518		
2039	205,000	216,379		
2040	<u>215,000</u>	<u>218,870</u>		
Total	\$6,367,000 ^(c)	\$7,865,640	\$1,510,000	\$1,676,754

(a) Includes the CIP Portion, the Street Reconstruction Portion, and Equipment Portion of the Bonds at assumed average annual interest rates of 3.06%, 3.06%, and 2.05%, respectively.

(b) Includes the Improvement Portion of Bonds at an assumed average annual interest rate of 2.04%.

(c) 70.1% of this debt will be retired within ten years.

**Estimated Calendar Year Debt Service Payments Including the Bonds
(continued)**

<u>Year</u>	<u>G.O. Utility Revenue Debt</u>		<u>G.O. Tax Abatement Debt</u>	
	<u>Principal</u>	<u>Principal & Interest^(a)</u>	<u>Principal</u>	<u>Principal & Interest</u>
2020(at 6-11)	\$ 513,000	\$ 563,733	(Paid)	\$ 3,450
2021	728,000	829,094	\$ 55,000	61,075
2022	743,000	833,999	55,000	59,425
2023	753,000	834,218	60,000	62,700
2024	769,000	839,985	60,000	60,900
2025	639,000	701,002		
2026	559,000	614,457		
2027	565,000	614,735		
2028	570,000	613,932		
2029	576,000	614,052		
2030	581,000	613,081		
2031	592,000	617,992		
2032	598,000	617,740		
2033	604,000	617,360		
2034	609,000	615,885		
2035	<u>20,000</u>	<u>20,335</u>		
Total	\$9,419,000^(b)	\$10,161,600	\$230,000	\$247,550

(a) Includes the Utility Portion of the Bonds at an assumed average annual interest rate of 2.66%.

(b) 68.1% of this debt will be retired within ten years.

Other Debt Obligations

Loans Payable

A loan from the Metropolitan Council was issued during 2010 for the sum of \$239,000 to cover the cost of City trunk sewer connections. Payments due each year total \$17,695, which includes interest charged at a rate of 4.07%. The final payment is due in 2031.

A Reserve Capacity Loan from the Metropolitan Council was issued during 2012 for the sum of \$197,568 to cover the increment cost of City trunk sewer connections. Interest on financing is charged at a rate of 3.6% and is based on the prior year-end balance. Principal and interest is payable on the loan annually, but can fluctuate based on the difference between forecasted and actual sewer access charges.

Overlapping Debt

Taxing Unit ^(a)	2019/20		Debt Applicable to	
	Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 6-11-20 ^(b)	Percent	Amount
Scott County	\$ 216,706,081	\$112,490,000	2.5%	\$ 2,812,250
I.S.D. No. 194 (Lakeville)	93,295,151	98,770,000	3.1	3,061,870
I.S.D. No. 721 (New Prague)	27,774,817	83,975,000	8.9	7,473,775
Metropolitan Council	4,281,620,797 ^(c)	3,635,000 ^(d)	0.1	3,635
Total				\$13,351,530

(a) Only those units with outstanding general obligation debt are shown here.

(b) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

(c) Represents the 2018/19 Adjusted Taxable Net Tax Capacity; the 2019/2020 value is not yet available.

(d) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2019/20 Estimated Market Value (\$471,522,400)	1.72%	4.55%
Per Capita - (4,769- 2018 State Demographer Estimate)	\$1,700	\$4,500

* Excludes general obligation utility revenue debt and other debt obligations.

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in ISD No. 721 (New Prague)

	2015/16	2016/17	2017/18	2018/19	2019/20	
					Total	For Debt Only
Scott County	36.175%	35.896%	35.114%	33.841%	32.718%	3.081%
City of Elko New Market	48.577	47.817	46.032	46.070	44.912	4.443
I.S.D. No.721 (New Prague) ^(a)	38.450	37.153	38.474	35.040	34.471	28.819
Special Districts ^(b)	<u>3.035</u>	<u>4.230</u>	<u>4.196</u>	<u>3.893</u>	<u>3.768</u>	<u>-0-</u>
Total	126.237%	125.096%	123.816%	118.884%	115.869%	36.343%

(a) In addition, Independent School District No. 721 (New Prague) has a 2019/20 market value tax rate of 0.18809% spread across the market value of property in support of an excess operating levy.

(b) Special districts include Scott County Community Development Agency, Metropolitan Council, Metropolitan Mosquito Control, and Scott County Watershed Management Organization

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

Tax Levies and Collections

<u>Levy/Collect</u>	<u>Net Levy*</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 12-31-19</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2019/20	\$2,425,672			(In Process of Collection)	
2018/19	2,304,599	\$2,289,704	99.4%	\$2,294,994	99.6%
2017/18	2,168,562	2,160,145	99.6	2,166,035	99.9
2016/17	2,054,301	2,041,977	99.4	2,052,902	99.9
2015/16	1,947,127	1,939,474	99.6	1,945,809	99.9

* *The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.*

**FUNDS ON HAND
As of February 29, 2020**

Total Cash and Investments	\$2,378,562
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INVESTMENTS

The City does not have a formal investment policy. The City follows Minnesota statutes which authorize the following types of securities available to the City for investment:

1. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress;
2. Mutual funds through shares of registered investment companies investing only in federal obligations, tax exempt general obligations rated A or better, and repurchase agreements with certain restricted counterparties;
3. General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
4. Bankers' acceptance of United States banks eligible for purchase by the Federal Reserve System;
5. Commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less; and
6. Guaranteed investment contracts (GICs) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories, or the top three rating categories for long-term GIC's issued by Minnesota banks.

GENERAL INFORMATION CONCERNING THE CITY

The City is located 30 miles south of the Minneapolis-Saint Paul metropolitan area on Interstate 35W. The City is located in Scott County and incorporates 4.1 square miles (2,623 acres).

Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2018 State Demographer Estimate	4,769	16.3%
2010 U.S. Census	4,100	--

Sources: Minnesota State Demographic Center, mn.gov/admin/demography and United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past two years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2019/20	1,632	993	2,119	360
2018/19	1,572	966	2,094	339

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation

The City is served by Interstate 35, and Scott County Road 2. The City is approximately 30 miles south of the Minneapolis-Saint Paul International Airport.

Major Employers

The City is currently primarily a residential community with limited commercial establishments. The majority of residents commute to jobs throughout the Minneapolis-Saint Paul metropolitan area.

Labor Force Data

	<u>Annual Average</u>				<u>February 2020</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
Labor Force:					
Scott County	80,937	82,142	82,820	83,765	84,396
Minneapolis – Saint Paul Seven County Area	1,675,478	1,699,266	1,711,198	1,731,543	1,735,513
Minneapolis – Saint Paul MSA	1,916,011	1,938,642	1,979,780	2,016,208	2,023,566
State of Minnesota	3,035,241	3,057,358	3,071,433	3,109,647	3,103,816
Unemployment Rate:					
Scott County	3.2%	2.9%	2.5%	2.8%	2.9%
Minneapolis – Saint Paul Seven County Area	3.4	3.0	2.6	2.9	2.8
Minneapolis – Saint Paul MSA	3.6	3.3	2.7	3.0	3.1
State of Minnesota	3.9	3.4	2.9	3.2	3.6

Source: Minnesota Department of Employment and Economic Development, <https://apps.deed.state.mn.us/lmi/laus>. 2020 data is preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Elko New Market

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$42,785	\$178,726	\$97,134
2018/19	38,551	164,722	90,420

Scott County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2019/20	\$2,002,497	\$5,345,146	\$81,317
2018/19	1,845,671	5,010,000	77,498
2017/18	1,650,618	4,731,908	75,314
2016/17	1,677,899	4,650,265	75,335
2015/16	2,065,957	4,166,720	69,381

The 2019/20 Median Household EBI for the State of Minnesota was \$60,916. The 2019/20 Median Household EBI for the United States was \$54,686.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Permits Issued by the City

Year	New Single Family Residential		New Commercial/Industrial		Total Value ^(a) (All Permits)
	Number	Value	Number	Value	
2020 (to 2-29)	1	\$ 368,609	0	\$ 0	\$ 575,874
2019	6	2,000,516	1	1,100,000	10,144,977 ^(b)
2018	18	4,874,497	2	150,000	7,570,496
2017	10	2,898,567	1	1,200,000	5,482,096
2016	22	6,185,240	0	0	7,384,602
2015	13	3,212,047	1	14,519	5,445,002

(a) In addition to building permits, the total value includes all other permits issued by the City (i.e. heating, lighting, plumbing, roof replacement, etc.).

(b) This value was impacted by a higher number of re-roofing permits due to a hailstorm that caused significant damage in the City.

Source: City of Elko New Market.

Financial Institutions

City residents are served by New Market Bank, which had total deposits of \$105,066,000 as of December 31, 2019 (most recent information available).

* This does not purport to be a comprehensive list.

Source: Federal Deposit Insurance Corporation, <https://research2.fdic.gov/bankfind/>.

Health Care Services

There are two hospitals licensed for a total of 142 beds, and four nursing homes licensed for a total of 366 beds located in Scott County. Additionally, the Minneapolis-Saint Paul metropolitan area is home to a variety of clinics, hospitals, nursing homes and assisted living facilities.

Source: Minnesota Department of Health, <http://www.health.state.mn.us/>.

Education

Public Education

The following districts serve the residents of the City:

School	Location	Grades	2019/20 Enrollment
I.S.D. No. 194	City of Lakeville	K-12	11,444
I.S.D. No. 721	City of New Prague	K-12	4,316

Source: Minnesota Department of Education, www.education.state.mn.us

Post-Secondary Education

City residents have access to a number of post-secondary programs and institutions, many of which provide customized training programs for local companies. Inver Hills Community College and Dakota County Technical College are located near the City, while the Minneapolis-Saint Paul metropolitan area offers a variety of colleges, universities and vocational schools.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

On March 21, 2006 the City of Elko and the City of New Market (together, the “Cities”) passed a referendum to merge into one city, based on a Cooperation and Combination Plan (the “Plan”) of the Cities. The merger took effect on January 1, 2007, establishing the City of Elko New Market.

The City operates under a Mayor-Council form of government. The City Council consists of four members elected at large to four-year terms. The Mayor is elected to a two-year term. The incumbent Mayor and Council members are:

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
Joe Julius	Mayor	12/31/2020
Josh Berg	Council Member	12/31/2022
Amanda Novak	Council Member	12/31/2020
Dawn Seepersaud	Council Member	12/31/2020
Kate Timmerman	Council Member	12/31/2022

The City Administrator is Mr. Thomas M. Terry, who is appointed by the Council and has been with the City since 2004. Mr. Terry is responsible for directing staff on the implementation of Council policies, coordinating day-to-day services, preparation of the City budget, and the overseeing of all department heads.

Municipal Services

The City employs seventeen full-time and four part-time staff members.

The Administration Department consists of one part-time and six full-time staff members. The department handles general administration, finance, licenses and permits, code enforcement, utility billing, human resources, records, elections, parks & recreation services and customer service.

The Public Works Department consists of one part-time and six full-time staff members. The Public Works Department is responsible for planning, constructing and maintaining the City’s infrastructure assets, including streets, parks, facilities, water supply, sanitary sewer and storm water systems. The water system has four wells, two elevated water towers, 20.7 miles of water main with 500 hydrants, and pumps an average of 300,000 gallons of water a day. The sanitary sewer system consist of seven lift stations, 24 miles of sewer gravity lines and 500 man holes. The City’s sanitary sewer system is connected to the Metropolitan Council’s Interceptor Sewer Line. The storm water system includes 63 storm water ponds, 12 miles of storm water lines, and 750 catch basins. The Public Works Department maintains 26 lane miles of roads, approximately six miles of trails, nearly five miles of sidewalks, and nearly 52 acres of parks and the facilities therein.

The Police Department consists of one full-time Police Chief, five full-time and two part-time Police Officers. The Scott County Sheriff's Department also provides dispatch services and police protection for City residents as needed.

The Fire Department consists of twenty eight paid on-call firefighters serving an area of 56 square miles, including the City, New Market Township and a portion of Cedar Lake Township. The City maintains a fire insurance rating of 4-8B.

Within the past few years, the City has established an Economic Development Authority. The City established and funded an Economic Development Fund in order to coordinate and administer economic development and redevelopment plans and programs of the City.

The City has also established and funded a Capital Projects Fund for the purpose of planning, design, construction, expansion, remodels, and facilities acquisition for land for future facilities.

Labor Contracts

The status of labor contracts in the City is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
IUOE Local 49	<u>5</u>	December 31, 2020
Subtotal	5	
Non-unionized employees	<u>0</u>	
Total employees	5	

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF.

The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	<u>GERF</u>	<u>PEPFF</u>
2018	\$55,232	\$55,577
2017	43,041	51,223
2016	40,907	41,339
2015	41,511	36,157
2014	36,326	34,160

City Fire Fighter's Relief Association

Volunteer firefighters of the City are members of the Elko New Market Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 10 years of service for a lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

The City's contributions to the Firefighter's Association for the past four years are as follows:

	<u>Firefighter's Association</u>
2018	\$118,447
2017	112,521
2016	107,833
2015	103,144

For more information regarding the liability of the City with respect to its employees, please reference "Note 9, Defined Benefit Pension Plans – State-wide" and "Required Supplementary Information" of the City's Audited Financial Statements for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Audited Financial Statements for the fiscal year ended December 31, 2019 are not yet available.)

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past four years are as follows:

	<u>GERF</u>		<u>PEPFF</u>	
	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>
2018	0.0103%	\$ 571,402	0.0313%	\$ 330,809
2017	0.0096	612,858	0.0290	388,925
2016	0.0092	746,994	0.0250	1,001,044
2015	0.0091	471,609	0.0250	284,059

For more information regarding GASB 68 with respect to the City, please reference "Note 9, Pension Plans" and "Required Supplementary Information" of the City's Audited Financial Statements for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement. (The City's Audited Financial Statements for the fiscal year ended December 31, 2019 are not yet available.)

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Sources: City's Audited Financial Statements.

Other Post-Employment Benefits

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits. Other Than Pensions, effective for the City's fiscal year 2018. Statement No. 75 requires accrual-based measurement, recognition and disclosure of other postemployment benefits (OPEB) expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. The City's only OPEB is for health insurance. Retirees and disabilitants are eligible to remain on the City's group health plan, but the City does not assist with premium payments. The only cost to the City comes from the implicit rate subsidy. Management has determined that any liability related to postemployment benefits is immaterial to the City's Audited Financial Statements.

General Fund and the City Portion of the Fire Department Budget Summary

	<u>2019 Budget</u>	<u>2019 Estimated</u>	<u>2020 Budget</u>
Revenues:			
Property Taxes	\$ 1,960,525	\$1,899,580	\$2,070,555
Special Assessments	0	6,081	0
Licenses and Permits	105,760	135,878	107,780
Intergovernmental	325,550	364,805	344,490
Charges for Service	317,055	311,232	386,677
Fines and Forfeitures	0	0	0
Investment Income	1,000	897	1,000
Contributions and Donations	25,000	2,300	25,000
Other	<u>5,000</u>	<u>30,717</u>	<u>4,000</u>
Total Revenues	\$2,739,890	\$2,751,490	\$2,939,502
Expenditures:			
General Government	\$ 766,374	\$ 651,987	\$ 716,857
Public Safety	1,139,742	1,211,608	1,256,300
Public Works	262,390	252,975	269,334
Parks and Recreation	198,366	179,739	204,845
Transfers to Other Funds	224,399	566,545*	254,790
Debt Service	98,365	98,381	208,376
Budgeted reserves	<u>50,254</u>	<u>0</u>	<u>29,000</u>
Total Expenditures	\$2,739,890	\$2,961,235	\$2,939,502

* Additional transfers to debt service were made based on estimated positive results. The City's general fund reserve policy of 50% of expenditures was met after these transfers.

Source: The City.

Major General Fund Revenue Sources

<u>Revenue</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Taxes	\$1,458,817	\$1,485,017	\$1,506,766	\$1,569,230	\$1,660,044
Intergovernmental	227,897	226,980	274,254	279,073	300,329
Licenses and Permits	131,974	117,951	129,390	107,704	141,308
Charges for Services	129,263	149,588	134,060	133,362	125,487
Fines and Forfeitures	16,293	18,073	18,845	18,039	16,914

Sources: City's Audited Financial Statements.

PROPOSED FORM OF LEGAL OPINION

City of Elko New Market
Elko New Market, Minnesota

[Purchaser]
[City, State]

Re: \$[PAR] General Obligation Bonds, Series 2020A
 City of Elko New Market, Scott County, Minnesota

Ladies and Gentlemen:

As Bond Counsel in connection with the authorization, issuance, and sale by the City of Elko New Market, Scott County, Minnesota (the “City”), of its General Obligation Bonds, Series 2020A dated, as originally issued, as of June [], 2020, in the total principal amount of \$[PAR] (the “Bonds”), we have examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the City in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates, and based upon laws, regulations, rulings and decisions in effect on the date hereof, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City enforceable in accordance with their terms.
2. The principal of and interest on the Bonds are payable primarily from the collection of ad valorem taxes, special assessments to be levied on property specially benefited by the improvements financed by the Bonds, and net revenues of the municipal sewer systems, which taxes, assessments, and revenues are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, additional ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.
3. Interest on the Bonds (a) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.
4. Interest on the Bonds (a) is excludable from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.
5. The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for

Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated: June [___], 2020.

Very truly yours,

CONTINUING DISCLOSURE COVENANTS

Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2019, the following financial information and operating data in respect of the City (the Disclosure Information):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings: “City Property Values,” “City Indebtedness,” and “City Tax Rates, Levies, and Collections,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been submitted to the Municipal Securities Rulemaking Board (the MSRB) through its Electronic Municipal Market Access System (EMMA) or the SEC. The City shall

clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner, not in excess of 10 business days after the occurrence of the event, to the MSRB through EMMA, notice of the occurrence of any of the following events (each a “Material Fact,” as hereinafter defined):
 - (A) principal and interest payment delinquencies;
 - (B) non-payment related defaults, if material;
 - (C) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (D) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) substitution of credit or liquidity providers, or their failure to perform;
 - (F) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - (G) modifications to rights of Bond holders, if material;
 - (H) Bond calls, if material and tender offers;
 - (I) defeasances;
 - (J) release, substitution, or sale of property securing repayment of the Bonds if material;
 - (K) rating changes;
 - (L) bankruptcy, insolvency, receivership, or similar event of the obligated person;
 - (M) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (N) appointment of a successor or additional trustee or the change of name of a trustee, if material.
 - (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
 - (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

As used herein, for those events that must be reported if material, an event is material if a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also material if it would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, to the MSRB through EMMA, notice of the occurrence of any of the following events or conditions:
 - (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
 - (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
 - (C) the termination of the obligations of the City under this section pursuant to subsection (d);
 - (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
 - (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB through EMMA, in an electronic format as prescribed by the MSRB, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(2) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City

accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Bonds issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.
3. Bonds payable wholly from the income from revenue producing conveniences.
4. Bonds issued to create or maintain a permanent improvement revolving fund.
5. Bonds issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Bonds to repay loans made under Minnesota Statutes, Section 216C.37.
9. Bonds to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Bonds issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Bonds issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**Levies for General Bond Debt
(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
“Fiscal Disparities Law”**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as “Fiscal Disparities,” was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2015-2019</u>
Residential Homestead (1a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to \$139,000 ^(c)	0.75%
Over \$139,000 ^(c)	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to \$150,000	1.50% ^(a)
Over \$150,000	2.00% ^(a)
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to \$600,000	0.50%
\$600,000 - \$2,300,000	1.00%
Over \$2,300,000	1.25% ^(a)
Seasonal Resorts (4c)	
Up to \$500,000	1.00% ^(a)
Over \$500,000	1.25% ^(a)
Non-Commercial (4c12)	
Up to \$500,000	1.00% ^{(a)(b)}
Over \$500,000	1.25% ^{(a)(b)}
Disabled Homestead (1b)	
Up to \$50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Remainder of Farm	
Up to \$1,900,000 ^(d)	0.50% ^(b)
Over \$1,900,000 ^(d)	1.00% ^(b)
Non-homestead (2b)	1.00% ^(b)

^(a) State tax is applicable to these classifications.

^(b) Exempt from referendum market value based taxes.

^(c) Legislative increases, payable 2019. Historical valuations are: Payable 2018 - \$121,000; Payable 2017 - \$115,000; Payable 2016 - \$106,000; and Payable 2015 - \$100,000.

^(d) Legislative increases, payable 2019. Historical valuations are: Payable 2018 - \$1,940,000; Payable 2017 - \$2,050,000; Payable 2016 - \$2,140,000; and Payable 2015 - \$1,900,000.

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 AUDITED FINANCIAL STATEMENTS

Data on the following pages was extracted from the City's Audited Financial Statements for fiscal year ended December 31, 2018. (The City's Audited Financial Statements for fiscal year ended December 31, 2019 are not yet available.) The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Elko New Market
Elko New Market, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko New Market, Minnesota, as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund and the Fire Department Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko New Market's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019 on our consideration of the City of Elko New Market's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Elko New Market's internal control over financial reporting and compliance.

As management of the City of Elko New Market (the "City"), we offer readers of the City financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- With the consolidation of the Cities of Elko and New Market effective January 1, 2007, this is the twelfth year of financial statements for the City. Prior to 2007, separate financial statements were prepared for the City of Elko, the City of New Market, and the Elko New Market Joint Sewer Board.
- The City established fiscal policies in 2009 to provide a framework for guiding the responsible use of municipal resources and contribute the City's overall financial health. The policies addressed revenues, cash management and investments, reserves, operating budget, capital budget, debt management, accounting and financial reporting and purchasing. The policies were updated annually 2011 through 2018.

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,878,135 (net position). Of this amount \$2,756,185 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The fund balances for governmental funds increased by \$125,395. The net position associated with governmental activities increased by \$176,192. The increase in fund balance was primarily due to a combination of excess revenue and expenditures under budget in the General Fund. The increase in net position was primarily due to the non-recognition of principal bond payments, offset with depreciation expense and reduction of deferred and delinquent special assessments in 2018.

- As of the close of the current fiscal year, the unassigned fund balance for the General Fund was \$1,465,811, equivalent to 74.5% of the 2018 General Fund approved operating budget. This is an increase of \$202,554 from the end of the 2017 fiscal year. The difference is due to the increase in building permits and intergovernmental revenue and lower expenditures with the General Government function overall.

- The City's total debt decreased by \$1,177,733 during the current fiscal year. The City issued \$10,357,038 for a PFA Note Series 2013 General Obligation Drinking Water Revenue Note in order to fund a water treatment facility, rehabilitate a water storage tower, and add an additional well. City's debt related to this debt issuance in 2014 decreased from \$9,102,194 to \$8,608,000 in 2018 as this is a PFA reimbursable note that was finalized in 2017. Net pension liability was added as a liability in 2015 with the implementation of GASB 68, which decreased by \$99,573 during 2018. Net pension liability is related to public employee retirement and is not expected to impact future expenditures.

- The Water Fund had an operating income of \$331,905. This is primarily due to increased water usage for the 2018 fiscal year along with new development within the City which brings in permit and hookup fees to the fund.

FINANCIAL HIGHLIGHTS (CONTINUED)

- The Sewer Fund recognized an operating loss of \$269,714. This is primarily due to \$247,300 in depreciation expense. The Fund had a decrease of net position in the amount of \$290,136 due to special assessments which are not considered an operating revenue.
- The Storm Sewer Fund had an operating income of \$74,232. This is primarily due to lower than expected expenses. The Fund also had an increase of net position in the amount of \$68,495.
- The balance of the Capital Projects Fund decreased during the current fiscal year by \$272,745 for an ending balance of \$812,164. The Fund was established for the purpose of planning, design, construction, expansion, remodels, and acquisition of land for future facilities.
- The fund balance of the 2015B G.O. Refunding Bonds Fund increased during the current fiscal year by \$141,111 for an ending balance of \$32,409. The Fund was used to hold bond proceeds received in fiscal year 2015 until the refunding bond could pay off the 2008 refunded bond in the 2017 fiscal year. The increase in fund balance is due to a transfer of funds from the Capital Projects and Fire funds.
- The balance of the Economic Development Fund decreased during the current fiscal year by \$20,939 for an ending balance of \$126,119. The Fund was established for the purpose of supporting economic development activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City basic financial statements. The City basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

FINANCIAL HIGHLIGHTS (CONTINUED)

Government-Wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and parks and recreation. The business-type activities of the City include water, sanitary sewer, and storm sewer.

The government-wide financial statements include only the City itself (known as the primary government). The City reports the Elko New Market Economic Development Authority (EDA) as a blended component unit. The City has no other component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City adopts an annual appropriated budget for its General Fund and all special revenue funds.

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, and storm sewer.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water, sanitary sewer, and storm drainages, all of which are considered to be major funds of the City.

FINANCIAL HIGHLIGHTS (CONTINUED)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The City's net position that is unrestricted is 10.3% of the total. By far, the largest portion of the City's net position (84.7%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City was able to report a positive balance in its net position for the government as a whole, as well as its separate governmental and business-type activities.

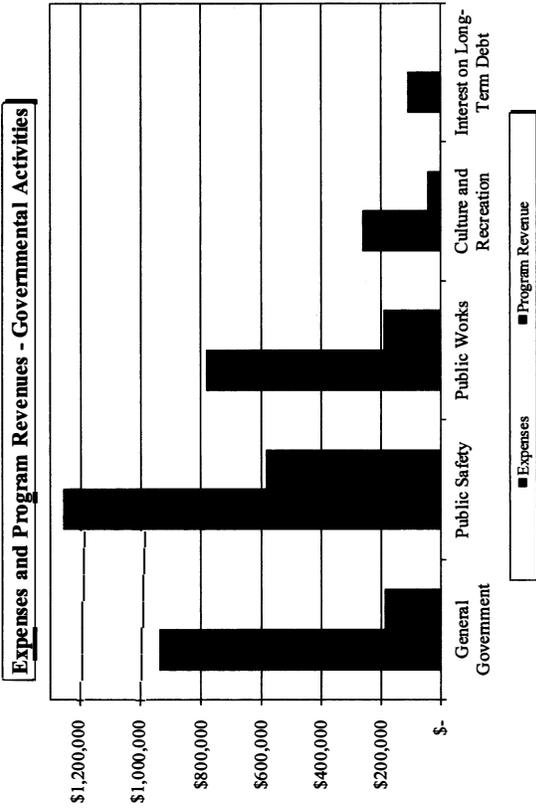
The City's Net Position

	Government Activities			Total
	2017	2018	2017	
Assets				
Current and other assets	\$ 5,334,814	\$ 5,403,093	\$ 495,496	\$ 6,066,656
Net pension asset	529,649	884,021	-	529,649
Capital assets	19,436,690	19,744,732	26,694,922	37,131,612
Total assets	15,301,153	17,031,846	27,190,418	45,491,571
Deferred Outflows of Resources				
Deferred outflows of resources related to fire relief	745,736	737,376	69,614	893,350
Deferred outflows of resources related to city	745,736	737,376	63,614	893,350
Total deferred outflows of resources				810,530
Total assets and deferred outflows of	\$ 17,046,889	\$ 17,769,222	\$ 27,254,032	\$ 44,300,921
				\$ 45,927,592
Liabilities				
Current and other liabilities	\$ 696,675	\$ 900,655	\$ 1,004,161	\$ 1,700,836
Net pension liability	645,446	731,999	256,765	2,097,785
Long term liabilities	3,363,301	3,829,518	10,666,831	14,030,132
Total liabilities	4,705,422	5,462,172	11,927,757	15,268,536
Deferred inflows of resources				
Deferred inflows of resources related to city	728,168	863,943	61,439	789,607
Net Position	6,639,560	6,307,919	16,130,613	22,770,173
Net investment in capital assets	1,351,777	1,395,698	-	1,351,777
Unrestricted	3,621,982	3,743,600	(865,777)	(838,704)
Total net position	11,613,299	11,437,107	15,264,836	26,878,135
Total liabilities, deferred inflows of				
and net position	\$ 17,046,889	\$ 17,769,222	\$ 27,254,032	\$ 44,300,921
				\$ 45,927,592

FINANCIAL HIGHLIGHTS (CONTINUED)

Governmental Activities

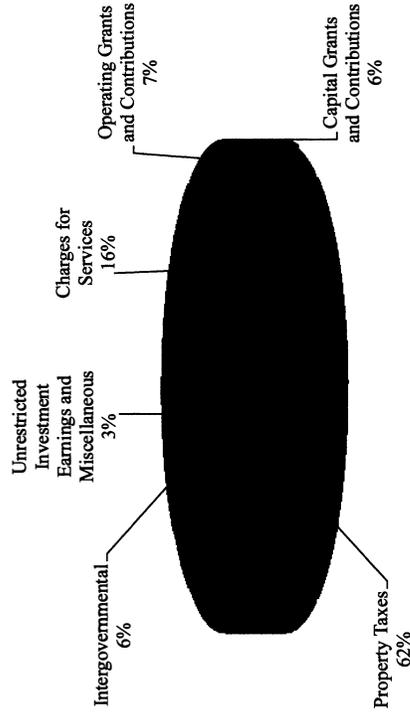
Governmental activities increased the City's net position by \$176,192.



FINANCIAL HIGHLIGHTS (CONTINUED)

Governmental Activities (Continued)

Revenues by Source - Governmental Activities

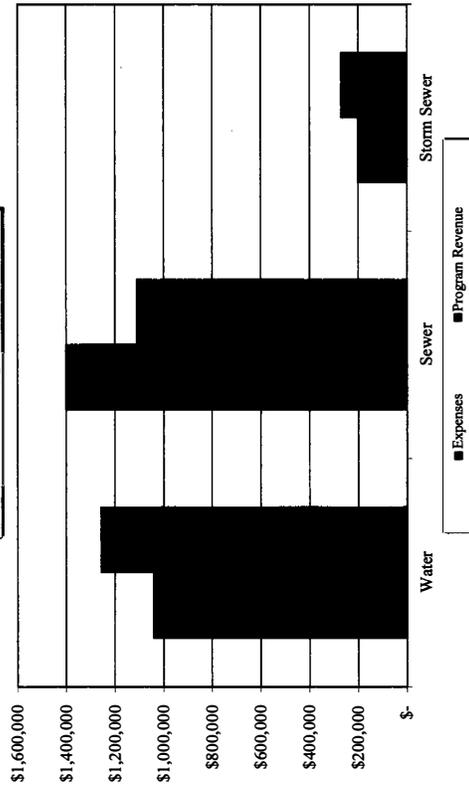


FINANCIAL HIGHLIGHTS (CONTINUED)

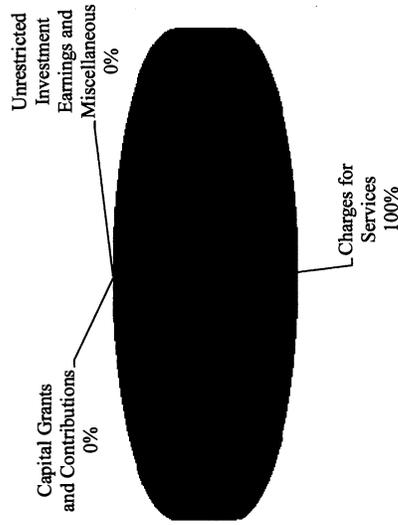
Business-Type Activities (Continued)

Business-type activities increased the City's net position by \$496.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



FINANCIAL HIGHLIGHTS (CONTINUED)

The City's Change in Net Position

	Government Activities		Business Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 551,815	\$ 499,364	\$ 2,659,522	\$ 2,425,847	\$ 3,191,337	\$ 2,925,211
Operating grants and contributions	228,164	169,061	-	-	228,164	169,061
Capital grants and contributions	222,759	151,085	(1,169)	34,631	221,590	185,716
General revenues						
Property taxes	2,169,048	2,066,946	-	-	2,169,048	2,066,946
Intergovernmental	226,283	216,571	-	-	226,283	216,571
Other general revenue	104,903	74,993	5,538	87,970	110,441	162,963
Gain on sale of capital assets	-	40,467	-	-	40,467	40,467
Investment earnings	14,722	11,430	862	10,830	15,584	22,260
Total revenues	3,517,694	3,229,917	2,644,753	2,559,278	6,162,447	5,785,195
Expenses						
General government	936,216	833,367	-	-	936,216	833,367
Public safety	1,256,746	1,106,938	-	-	1,256,746	1,106,938
Public works	781,409	609,817	-	-	781,409	609,817
Culture and recreation	258,759	186,059	-	-	258,759	186,059
Interest on long-term debt	108,372	142,025	-	-	108,372	142,025
Water	-	-	1,041,282	713,735	1,041,282	713,735
Sewer	-	-	1,401,198	1,287,727	1,401,198	1,287,727
Storm sewer	-	-	201,777	229,952	201,777	229,952
Total expenses	3,341,502	2,880,206	2,644,257	2,231,414	5,985,759	5,111,620
Change in net position	176,192	349,711	496	327,864	176,688	673,575
January 1	11,437,107	11,087,396	15,264,340	14,936,476	26,701,447	26,023,872
Prior period adjustment*						
January 1, restated	11,437,107	11,087,396	15,264,340	14,936,476	26,701,447	26,023,872
December 31	\$ 11,613,299	\$ 11,437,107	\$ 15,264,836	\$ 15,264,340	\$ 26,878,135	\$ 26,701,447

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds

The focus of the City governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City governmental funds reported combined ending fund balances of \$4,131,089, an increase of \$125,395 from the prior year fund balance. The increase was primarily due to a combination of excess revenues and expenditures under budget in the General Fund.

The General Fund is the chief operating fund of the City. At the end of the 2018 fiscal year, the unassigned fund balance of the General Fund was \$1,465,811. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to fund expenditures. The unassigned fund balance represents 74.5% of total 2018 General Fund budgeted expenditures.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS (CONTINUED)

Governmental Funds (Continued)

The City's General Fund balance increased by \$202,554 in 2018. The difference is due to the increase in Licenses and Permits and Intergovernmental revenues and lower expenditures with the General Government, Public Works, and Parks and Recreation functions overall.

Significant revenue variances from final budget to actual where actual was over budget include:

- Licenses and permits in the amount of \$57,777 due to higher than expected building activity.
- Intergovernmental in the amount of \$50,420 due to additional grant money received during 2018 mostly related to the small cities assistance grant for \$33,662.

Significant expenditure variances from final budget to actual where actual was under budget include:

- General Government in the amount of \$58,001 due to lower than anticipated consulting expenses.
- Public Works in the amount of \$45,969 due to snow plowing removal and deicing materials.
- Parks and Recreation in the amount of 18,146 due to lower personnel costs.

Significant variances from final budget to actual where actual was over budget include:

- Public Safety in the amount of \$22,169 due to building inspection costs from increased activities.

Overall, General Fund actual expenditures were under the final approved budget by \$83,651 and the excess of revenues over budgeted amounts was \$117,312.

FINANCIAL ANALYSIS OF PROPRIETARY FUNDS

Proprietary Funds

The City proprietary funds provide the same type of information found in the government-wide financial statements.

Total operating revenues exceeded operating expenses by \$331,905 in the Water Fund. At year end, the unrestricted net position of the Water Fund amounted to \$159,884.

The Sewer Fund had a net operating loss of \$269,714. This is primarily due to \$247,300 in depreciation expense. The unrestricted net position of the sewer fund amounted to (\$1,156,149).

The Storm Sewer Fund had a net operating income of \$74,232. This is primarily due to expenses being lower than budgeted. The unrestricted net position of the Storm Sewer Fund amounted to \$130,488.

Total unrestricted net position of the proprietary funds were (\$865,777) at the end of 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

There are no differences between the original budget and the final amended budget during 2018. Variances from General Fund budget are summarized as follows:

- Licenses and permits in the amount of \$57,777 due to higher than expected building activity.
- Intergovernmental in the amount of \$50,420 due to additional grant money received during 2018 mostly related to the small cities assistance grant for \$33,662.
- General Government in the amount of \$58,001 due to lower than anticipated consulting expenses.
- Public Works in the amount of \$45,969 due to snow plowing removal and deicing materials.
- Public Safety in the amount of \$22,169 due to building inspection costs from increased activities.
- Parks and Recreation in the amount of 18,146 due to lower personnel costs.

As of the close of the current fiscal year, the unassigned fund balance for the General Fund was \$1,465,811, equivalent to 74.5% of the 2018 General Fund approved operating budget. This is an increase of \$202,554 from the end of the 2017 fiscal year. The difference is due to the increase in Licenses and Permits and Intergovernmental revenues and lower expenditures with the General Government, Public Works, and Parks and Recreation functions overall.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$37,131,612 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment and infrastructure.

Major capital asset events during the fiscal year included the following:

- The City purchased several new and replacement pieces of equipment, including computer equipment, a skid loader, two pick-up trucks and a Ford Explorer.

The City's Capital Assets

	Government Activities		Business Activities		Total
	2018	2017	2018	2017	
Land	\$ 1,007,777	\$ 1,007,777	-	-	\$ 1,007,777
Construction in progress	-	599,283	187,380	187,380	786,663
Building	1,410,143	1,437,567	-	-	2,847,710
Machinery and equipment	1,572,924	1,499,821	43,036	68,007	3,183,788
Improvements	1,039,702	526,281	-	-	1,565,983
Infrastructure	5,406,144	5,674,003	-	-	11,080,147
Water main and system	-	-	15,854,475	16,284,832	32,139,307
Sanitary sewer main and	-	-	7,102,074	7,333,843	14,435,917
Storm sewer system	-	-	3,507,957	3,507,957	7,015,914
Net capital assets	\$ 10,456,690	\$ 10,744,732	\$ 26,694,922	\$ 27,478,560	\$ 37,131,612

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

At the end of the current fiscal year, the City had total bonds and notes outstanding of \$14,361,439 and loans payable of \$852,281. The total bonds, notes, and loans decreased by \$1,177,733 during the 2018 fiscal year. City's debt related to the debt issuance of PFA Note Series 2013 General Obligation Drinking Water Revenue Note decreased from \$9,102,194 to \$8,608,000 in 2018.

In April of 2010, the City's credit rating by Moody's Investment Service was upgraded to "A1" from "A3". This rating was reaffirmed for issuance of debt in 2011 and again in 2012. In November of 2013, the City was assigned a credit rating of "AA+" by Standard & Poor's Ratings Services.

The City's Outstanding Debt

	Government Activities		Business Activities		Total
	2018	2017	2018	2017	
G.O. bonds and notes	\$ 3,797,130	\$ 4,380,717	\$ 9,784,309	\$ 10,439,300	\$ 13,581,439
G.O. revenue bonds	-	-	780,000	895,000	780,000
Loans	-	-	852,281	676,436	852,281
Total	\$ 3,797,130	\$ 4,380,717	\$ 11,416,590	\$ 12,010,736	\$ 15,213,720

NEXT YEARS BUDGETS AND RATES

The City considered the following factors in preparing the City's budget for the 2019 fiscal year.

- The City is expecting a similar level of development activity to 2018 in 2019. However, the 2019 budget is based on conservative assumptions regarding development activity, a modest increase from the 2018 budget assumptions. This is reflected in projected revenue and expenditures.
- The City Council assumes the receipt of Local Government Aid and a 75% transfer from the General Fund to the Capital Improvement Funds.
- The City Council annually completes a fee analysis for the proprietary funds and intends to continue to amend the fee structure, as necessary, to address any projected disparities between revenues and expenses.
- The City Council annually updates its Capital Improvement Plan, which includes major capital projects and purchase for the next five years. The Plan assists the City in its long-term financial planning. The Plan identifies costs, projected debt service, and funding sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Elko New Market, 601 Main Street, P.O. Box 99, Elko New Market, Minnesota 55020.

**City of Elko New Market
Statement of Net Position
December 31, 2018**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 3,681,265	\$ 235,681	\$ 3,916,946
Receivables			
Property tax receivable	25,512	-	25,512
Accounts receivable	58,713	130,229	188,942
Due from other governments	118,524	266,364	384,888
Due from other funds (internal balances)	309,234	(309,234)	-
Interfund loan receivable (internal balances)	78,508	(78,508)	-
Special assessments receivable			
Current	608	2,443	3,051
Delinquent	1,357	15,839	17,196
Deferred	1,026,501	217,121	1,243,622
Land held for resale	13,689	-	13,689
Prepaid items	20,903	15,561	36,464
Net pension asset - Fire Relief Association	529,649	-	529,649
Capital assets not being depreciated			
Land	1,007,777	-	1,007,777
Construction in progress	-	187,380	187,380
Capital assets net of accumulated depreciation			
Buildings	1,410,143	-	1,410,143
Machinery and equipment	1,572,927	43,036	1,615,963
Improvements	1,039,702	-	1,039,702
Infrastructure	5,406,141	-	5,406,141
Sewer and water improvements	-	26,464,506	26,464,506
Total assets	<u>16,301,153</u>	<u>27,190,418</u>	<u>43,491,571</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	<u>745,736</u>	<u>63,614</u>	<u>809,350</u>
Total assets and deferred outflows of resources	<u>\$ 17,046,889</u>	<u>\$ 27,254,032</u>	<u>\$ 44,300,921</u>
Liabilities			
Accounts payable	\$ 121,671	\$ 34,198	\$ 155,869
Due to other governments	-	120,983	120,983
Salaries and benefits payable	42,761	11,658	54,419
Interest payable	42,938	60,717	103,655
Net pension liability	645,446	256,765	902,211
Bond principal payable			
Due within one year	433,829	252,172	686,001
Due in more than one year	3,363,301	1,704,137	5,067,438
Loan payable			
Payable within one year	-	10,534	10,534
Due in more than one year	-	841,747	841,747
PFA notes payable			
Payable within one year	-	499,000	499,000
Payable after one year	-	8,109,000	8,109,000
Compensated absences payable			
Payable within one year	55,476	14,899	70,375
Payable after one year	-	11,947	11,947
Total liabilities	<u>4,705,422</u>	<u>11,927,757</u>	<u>16,633,179</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	<u>728,168</u>	<u>61,439</u>	<u>789,607</u>
Net Position			
Net investment in capital assets	6,639,560	16,130,613	22,770,173
Restricted for			
Debt service	1,258,247	-	1,258,247
Other	93,530	-	93,530
Unrestricted	3,621,962	(865,777)	2,756,185
Total net position	<u>11,613,299</u>	<u>15,264,836</u>	<u>26,878,135</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,046,889</u>	<u>\$ 27,254,032</u>	<u>\$ 44,300,921</u>

See notes to financial statements.

**City of Elko New Market
Statement of Activities
Year Ended December 31, 2018**

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
General government	\$ 936,216	\$ 52,501	\$ 134,290	\$ -	\$ (749,425)	\$ -	\$ (749,425)
Public safety	1,256,746	371,546	92,047	118,524	(674,629)	-	(674,629)
Public works	781,409	86,991	-	104,235	(590,183)	-	(590,183)
Parks and recreation	258,759	40,777	1,827	-	(216,155)	-	(216,155)
Interest on long-term debt	108,372	-	-	-	(108,372)	-	(108,372)
Total governmental activities	3,341,502	551,815	228,164	222,759	(2,338,764)	-	(2,338,764)
Business-type activities							
Water	1,041,282	1,258,548	-	(1,169)	-	216,097	216,097
Sewer	1,401,198	1,111,062	-	-	-	(290,136)	(290,136)
Storm sewer	201,777	269,912	-	-	-	68,135	68,135
Total business-type activities	2,644,257	2,639,522	-	(1,169)	-	(5,904)	(5,904)
Total governmental and business-type activities	\$ 5,985,759	\$ 3,191,337	\$ 228,164	\$ 221,590	(2,338,764)	(5,904)	(2,344,668)
General revenues							
Property taxes					2,169,048	-	2,169,048
Intergovernmental					226,283	-	226,283
Unrestricted investment earnings					14,722	862	15,584
Other general revenue					104,903	5,538	110,441
Total general revenues					2,514,956	6,400	2,521,356
Change in net position					176,192	496	176,688
Net position - beginning					11,437,107	15,264,340	26,701,447
Net position - ending					\$ 11,613,299	\$ 15,264,836	\$ 26,878,135

See notes to financial statements.

**City of Elko New Market
Balance Sheet - Governmental Funds
December 31, 2018**

	Special Revenue		Debt Service		Total Governmental Funds
	General Fund (101)	Fire Department (103)	2011A G.O. Improvement Refunding Bond (318)	Other Governmental Funds	
Assets					
Cash and investments	\$ 1,530,605	\$ 79,857	\$ 164,681	\$ 1,906,122	\$ 3,681,265
Taxes receivable - current	14,077	-	-	-	14,077
Taxes receivable - delinquent	11,435	-	-	-	11,435
Special assessments receivable					
Current	106	-	-	502	608
Delinquent	699	-	-	658	1,357
Deferred	6,519	-	993,953	26,029	1,026,501
Accounts receivable	13,818	34,700	-	10,195	58,713
Due from other funds	-	-	-	394,658	394,658
Interfund loan receivable	-	-	-	78,508	78,508
Due from other governments	-	-	-	118,524	118,524
Land held for resale	-	-	13,689	-	13,689
Prepaid items	15,152	5,751	-	-	20,903
Total assets	\$ 1,592,411	\$ 120,308	\$ 1,172,323	\$ 2,535,196	\$ 5,420,238
Liabilities					
Accounts payable	\$ 50,064	\$ 7,816	\$ 1,031	\$ 62,760	\$ 121,671
Due to other funds	-	-	-	85,424	85,424
Salaries and benefits payable	42,731	30	-	-	42,761
Total liabilities	92,795	7,846	1,031	148,184	249,856
Deferred Inflows of Resources					
Unavailable revenue - property taxes	11,435	-	-	-	11,435
Unavailable revenue - special assessments	7,218	-	993,953	26,687	1,027,858
Total deferred inflows of resources	18,653	-	993,953	26,687	1,039,293
Fund Balances (Deficits)					
Nonspendable	15,152	5,751	13,689	-	34,592
Restricted	-	-	163,650	224,608	388,258
Committed	-	106,711	-	150,004	256,715
Assigned	-	-	-	2,111,011	2,111,011
Unassigned	1,465,811	-	-	(125,298)	1,340,513
Total fund balances	1,480,963	112,462	177,339	2,360,325	4,131,089
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,592,411	\$ 120,308	\$ 1,172,323	\$ 2,535,196	\$ 5,420,238

See notes to financial statements.

**City of Elko New Market
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2018**

Total fund balances - governmental funds	\$ 4,131,089
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
 Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	15,779,591
Less accumulated depreciation	(5,342,901)
 Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. long-term liabilities at year-end consist of:	
Bond principal payable	(3,738,238)
Unamortized bond premium	(58,892)
Compensated absences payable	(55,476)
 Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	11,435
Special assessments	1,357
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	1,026,501
 Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(728,168)
Deferred outflows of resources related to pensions	745,736
Net pension liability	(645,446)
 Fire relief association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.	
	529,649
 Governmental funds do not report a liability for accrued interest until due and payable.	
	<u>(42,938)</u>
Total net position - governmental activities	<u>\$ 11,613,299</u>

See notes to financial statements.

City of Elko New Market
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2018

	General Fund (101)	Special Revenue Fire Department (103)	Debt Service 2011A G.O. Improvement Refunding Bond (318)	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 1,660,044	\$ 122,143	\$ 20,000	\$ 372,499	\$ 2,174,686
Special assessments	6,966	-	46,739	7,624	61,329
Licenses and permits	141,308	-	-	3,495	144,803
Intergovernmental	300,329	57,247	-	100,628	458,204
Charges for services	125,487	231,182	-	-	356,669
Fines and forfeitures	16,914	-	-	3,687	20,601
Miscellaneous	-	-	-	-	-
Investment income	1,469	913	-	12,340	14,722
Contributions and donations	2,503	-	-	133,089	135,592
Other	-	6,402	242,982	107,418	356,802
Total revenues	<u>2,255,020</u>	<u>417,887</u>	<u>309,721</u>	<u>740,780</u>	<u>3,723,408</u>
Expenditures					
Current					
General government	749,876	-	-	122,241	872,117
Public safety	665,231	329,182	-	496	994,909
Public works	288,743	-	-	-	288,743
Parks and recreation	153,088	-	-	10,357	163,445
Debt service	-	-	-	-	-
Principal	-	30,000	105,000	507,479	642,479
Interest and other charges	-	316	37,078	85,796	123,190
Capital outlay	-	-	-	-	-
General government	25,480	-	-	133,842	159,322
Public safety	616	-	-	165,352	165,968
Public works	-	-	-	199,840	199,840
Total expenditures	<u>1,883,034</u>	<u>359,498</u>	<u>142,078</u>	<u>1,225,403</u>	<u>3,610,013</u>
Excess of revenues over (under) expenditures	371,986	58,389	167,643	(484,623)	113,395
Other Financing Sources (Uses)					
Proceeds from sale of capital asset	-	-	-	12,000	12,000
Transfers in	-	-	116,093	655,972	772,065
Transfers out	(169,432)	(241,112)	-	(361,521)	(772,065)
Total other financing sources (uses)	<u>(169,432)</u>	<u>(241,112)</u>	<u>116,093</u>	<u>306,451</u>	<u>12,000</u>
Net change in fund balances	202,554	(182,723)	283,736	(178,172)	125,395
Fund Balances					
Beginning of year	1,278,409	295,185	(106,397)	2,538,497	4,005,694
End of year	<u>\$ 1,480,963</u>	<u>\$ 112,462</u>	<u>\$ 177,339</u>	<u>\$ 2,360,325</u>	<u>\$ 4,131,089</u>

See notes to financial statements.

**City of Elko New Market
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
For the Year Ended December 31, 2018**

Net change in fund balances - governmental funds \$ 125,395

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. this is the amount of capital outlays in the current period.

Capital outlays	319,971
Depreciation expense	(601,543)
Net capital asset disposal	(26,470)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. 24,940

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities. 649,683

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 7,614

Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(117,684)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes delinquent	(5,638)
Special assessments deferred and delinquent	<u>(200,076)</u>

Change in net position - governmental activities \$ 176,192

See notes to financial statements.

**City of Elko New Market
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2018**

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget-Over (Under)
Revenues			
Property taxes	\$ 1,654,293	\$ 1,660,044	\$ 5,751
Special assessments	-	6,966	6,966
Licenses and permits	83,531	141,308	57,777
Intergovernmental	249,909	300,329	50,420
Charges for services	129,475	125,487	(3,988)
Fines and forfeitures	15,000	16,914	1,914
Investment income	1,500	1,469	(31)
Contributions and donations	1,000	2,503	1,503
Other	3,000	-	(3,000)
Total revenues	2,137,708	2,255,020	117,312
Expenditures			
Current			
General government	807,877	749,876	(58,001)
Public safety	643,062	665,231	22,169
Public works	334,712	288,743	(45,969)
Parks and recreation	171,234	153,088	(18,146)
Capital outlay			
General government	8,300	25,480	17,180
Public safety	1,500	616	(884)
Total expenditures	1,966,685	1,883,034	(83,651)
Excess of revenues over expenditures	171,023	371,986	200,963
Other Financing Uses			
Transfers out	(169,432)	(169,432)	-
Net change in fund balance	\$ 1,591	202,554	\$ 200,963
Fund Balance			
Beginning of year		1,278,409	
End of year		\$ 1,480,963	

See notes to financial statements.

**City of Elko New Market
Scott County, Minnesota
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Budget and Actual - Fire Department Fund
Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget-Over
	Original and Final		Actual Amounts		Budget-Over
Revenues					
Property taxes	\$ 184,151		\$ 122,143		\$ (62,008)
Intergovernmental	45,000		57,247		12,247
Charges for services	213,826		231,182		17,356
Miscellaneous revenues					
Investment income	-		913		913
Contributions and donations	25,000		-		(25,000)
Other	-		6,402		6,402
Total revenues	467,977		417,887		(50,090)
Expenditures					
Current					
Public safety	323,507		329,182		5,675
Debt service					
Principal	103,995		30,000		(73,995)
Interest and other charges	12,855		316		(12,539)
Total expenditures	440,357		359,498		(80,859)
Excess of revenues over expenditures	27,620		58,389		30,769
Other Financing Uses					
Transfers out	(27,620)		(241,112)		(213,492)
Net change in fund balance	\$ -		(182,723)		\$ (182,723)
Fund Balance					
Beginning of year			295,185		
End of year			\$ 112,462		

See notes to financial statements.

City of Elko New Market
Statement of Net Position - Proprietary Funds
December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 78,976	\$ -	\$ 156,705	\$ 235,681
Special assessments receivable				
Current	1,268	815	360	2,443
Delinquent	8,115	6,593	1,131	15,839
Deferred	89,024	95,018	33,079	217,121
Accounts receivable	54,545	58,631	17,053	130,229
Short-term due from other governments	37,740	39,792	11,256	88,788
Prepaid Expenses	7,532	6,470	1,559	15,561
Total current assets	<u>277,200</u>	<u>207,319</u>	<u>221,143</u>	<u>705,662</u>
Noncurrent assets				
Long-term due from other governments	75,480	79,583	22,513	177,576
Capital assets				
Water main and system	18,787,261	-	-	18,787,261
Sanitary sewer main and system	-	13,344,964	-	13,344,964
Storm sewer system	-	-	4,827,079	4,827,079
Machinery and equipment	54,222	99,479	18,267	171,968
Construction in progress	87,936	99,444	-	187,380
Total capital assets	<u>18,929,419</u>	<u>13,543,887</u>	<u>4,845,346</u>	<u>37,318,652</u>
Less accumulated depreciation	<u>(2,975,666)</u>	<u>(6,317,619)</u>	<u>(1,330,445)</u>	<u>(10,623,730)</u>
Net capital assets	<u>15,953,753</u>	<u>7,226,268</u>	<u>3,514,901</u>	<u>26,694,922</u>
Total noncurrent assets	<u>16,029,233</u>	<u>7,305,851</u>	<u>3,537,414</u>	<u>26,872,498</u>
Deferred outflows of resources				
Deferred outflows of resources related to pensions	30,942	27,233	5,439	63,614
Total assets and deferred outflows of resources	<u>\$ 16,337,375</u>	<u>\$ 7,540,403</u>	<u>\$ 3,763,996</u>	<u>\$ 27,641,774</u>
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities				
Accounts payable	\$ 6,285	\$ 22,522	\$ 5,391	\$ 34,198
Salaries and benefits payable	5,778	4,733	1,147	11,658
Interest payable	44,288	13,118	3,311	60,717
Due to other funds	-	309,234	-	309,234
Interfund loan payable	-	-	78,508	78,508
Due to other governments	-	120,983	-	120,983
Compensated absences - current	7,337	6,451	1,111	14,899
Bonds payable due within one year	114,556	103,586	34,030	252,172
Loan payable due within one year	-	10,534	-	10,534
PFA notes payable due within one year	499,000	-	-	499,000
Total current liabilities	<u>677,244</u>	<u>591,161</u>	<u>123,498</u>	<u>1,391,903</u>
Noncurrent liabilities				
Compensated absences	5,275	4,739	1,933	11,947
Bonds payable	737,911	770,957	195,269	1,704,137
Loan payable	-	841,747	-	841,747
PFA notes payable	8,109,000	-	-	8,109,000
Net pension liability	124,891	109,921	21,953	256,765
Total noncurrent liabilities	<u>8,977,077</u>	<u>1,727,364</u>	<u>219,155</u>	<u>10,923,596</u>
Total liabilities	<u>9,654,321</u>	<u>2,318,525</u>	<u>342,653</u>	<u>12,315,499</u>
Deferred inflows of resources				
Deferred inflows of resources related to pensions	29,884	26,302	5,253	61,439
Net Position				
Net investment in capital assets	6,493,286	6,351,725	3,285,602	16,130,613
Unrestricted	159,884	(1,156,149)	130,488	(865,777)
Total net position	<u>6,653,170</u>	<u>5,195,576</u>	<u>3,416,090</u>	<u>15,264,836</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,337,375</u>	<u>\$ 7,540,403</u>	<u>\$ 3,763,996</u>	<u>\$ 27,641,774</u>

See notes to financial statements.

City of Elko New Market
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Operating Revenues				
Charges for services	\$ 1,101,530	\$ 827,069	\$ 192,106	\$ 2,120,705
Permits, hookup fees, and penalties	156,216	283,957	59,513	499,686
Miscellaneous operating revenues	6,340	36	18,659	25,035
Total operating revenues	<u>1,264,086</u>	<u>1,111,062</u>	<u>270,278</u>	<u>2,645,426</u>
Operating Expenses				
Wages and salaries	171,349	149,705	31,440	352,494
Employee benefits	60,769	52,787	11,147	124,703
Materials and supplies	30,517	12,109	8,144	50,770
Repairs and maintenance	52,657	36,253	6,645	95,555
Professional services	57,890	50,409	26,726	135,025
Insurance	8,528	7,418	1,343	17,289
Utilities	74,914	13,605	420	88,939
Depreciation	436,333	247,300	100,005	783,638
Bad debt expense	5,943	5,943	-	11,886
Small tools	9,007	3,916	649	13,572
Miscellaneous	24,274	801,331	9,527	835,132
Total operating expenses	<u>932,181</u>	<u>1,380,776</u>	<u>196,046</u>	<u>2,509,003</u>
Operating income (loss)	331,905	(269,714)	74,232	136,423
Nonoperating Revenues (Expenses)				
Investment income	502	-	360	862
Special assessments	(1,169)	-	(366)	(1,535)
Interest expense	(109,101)	(20,422)	(5,731)	(135,254)
Total nonoperating revenues (expenses)	<u>(109,768)</u>	<u>(20,422)</u>	<u>(5,737)</u>	<u>(135,927)</u>
Change in net position	222,137	(290,136)	68,495	496
Net Position				
Beginning of year	<u>6,431,033</u>	<u>5,485,712</u>	<u>3,347,595</u>	<u>15,264,340</u>
End of year	<u>\$ 6,653,170</u>	<u>\$ 5,195,576</u>	<u>\$ 3,416,090</u>	<u>\$ 15,264,836</u>

See notes to financial statements.

City of Elko New Market
Statement of Cash Flows - Proprietary Funds
Year Ended December 31, 2018

	Water (601)	Sewer (602)	Storm Sewer (620)	Total
Cash Flows - Operating Activities				
Receipts from customers and users	\$ 1,432,469	\$ 1,101,346	\$ 276,596	\$ 2,810,411
Payments to suppliers	(279,942)	(1,172,977)	(60,636)	(1,513,555)
Payments to employees	(229,838)	(202,947)	(42,651)	(475,436)
Net cash flows - operating activities	<u>922,689</u>	<u>(274,578)</u>	<u>173,309</u>	<u>821,420</u>
Cash Flows - Noncapital Financing Activities				
Payments to/from other funds for interfund borrowing	<u>(99,114)</u>	<u>222,334</u>	<u>(14,839)</u>	<u>108,381</u>
Cash Flows - Capital and Related Financing Activities				
Principal paid on debt	(630,535)	73,245	(73,080)	(630,370)
Interest paid on debt	(114,566)	(21,001)	(8,188)	(143,755)
Net cash flows - capital and related Financing activities	<u>(745,101)</u>	<u>52,244</u>	<u>(81,268)</u>	<u>(774,125)</u>
Cash Flows - Investing Activities				
Interest and dividends received	<u>502</u>	<u>-</u>	<u>360</u>	<u>862</u>
Net change in cash and cash equivalents	78,976	-	77,562	156,538
Cash and Cash Equivalents				
January 1	<u>-</u>	<u>-</u>	<u>79,143</u>	<u>79,143</u>
December 31	<u>\$ 78,976</u>	<u>\$ -</u>	<u>\$ 156,705</u>	<u>\$ 235,681</u>
Reconciliation of Operating Loss to Net Cash Flows - Operating Activities				
Operating loss	\$ 331,905	\$ (269,714)	\$ 74,232	\$ 136,423
Adjustments to reconcile operating loss To net cash flows - operating activities				
Miscellaneous revenue	(1,169)	-	(366)	(1,535)
Depreciation expense	436,333	247,300	100,005	783,638
Pension related activity	7,917	5,278	258	13,453
Special assessments receivable	(5,037)	(3,228)	4,494	(3,771)
Accounts receivable	11,533	(6,488)	2,190	7,235
Due from other governments	163,056	-	-	163,056
Prepaid items	(3,290)	(2,788)	(1,125)	(7,203)
Accounts payable	(11,059)	(4,253)	(5,611)	(20,923)
Due to other governmental units	(1,863)	(234,952)	(446)	(237,261)
Salaries payable	(1,753)	(2,004)	(201)	(3,958)
Compensated absences payable	(3,884)	(3,729)	(121)	(7,734)
Total adjustments	<u>590,784</u>	<u>(4,864)</u>	<u>99,077</u>	<u>684,997</u>
Net cash flows - operating activities	<u>\$ 922,689</u>	<u>\$ (274,578)</u>	<u>\$ 173,309</u>	<u>\$ 821,420</u>

See notes to financial statements.

City of Elko New Market
Statement of Fiduciary Net Position
December 31, 2018

	Agency Fund - Developer Escrow <u>(400)</u>
Assets	
Cash and investments	\$ 124,278
Other receivables	<u>5,473</u>
Total assets	<u><u>\$ 129,751</u></u>
Liabilities	
Accounts payable	<u><u>\$ 129,751</u></u>

See notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Elko New Market is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

1. Blended Component Unit

The Elko New Market Economic Development Authority (EDA) is fiscally dependent upon the City, and its governing body consists of City Council Members. Therefore, the Elko New Market EDA is included as a component unit of the City. The Elko New Market EDA's financial data has been blended with that of the City.

2. Joint Ventures and Jointly Governed Organizations

The City is a member of a joint powers agreement, together with the Cities of Shakopec, Savage, Prior Lake, Belle Plaine, and Jordan, Minnesota, to provide for the joint exercise of prosecutorial powers. The Cities each shall appoint one individual to serve on the Scott County Joint Prosecution Association Board with each representative having one vote. Each Member City contributes funds to cover their proportionate share of the costs of performing prosecution services. The City contributed \$16,914 in 2018. The financial activity of this organization is presented within the financial statements of Scott County and no separate financial statements are issued.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Agency Funds are presented in the fiduciary fund financial statement. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported by using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)
Property taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Description of Funds:

Major Governmental Funds:

General Fund – This fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

Fire Department – This fund accounts for resources accumulated and costs associated with providing fire protection services.

2011A General Obligation (G.O.) Improvement Refunding Bond – This fund accounts for resources accumulated and debt service payments made on this bond issue.

Proprietary Funds:

Water Fund – This fund accounts for the operations of the City's water utility.

Sanitary Sewer Fund – This fund accounts for the operations of the City's sanitary sewer utility.

Storm Water Fund – This fund accounts for the activities of the City's storm water operations.

Fiduciary Funds:

Developer Escrow Fund – This fund accounts for development related funds held by the City in a strictly custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Deposits and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Minnesota Statutes authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value.

2. Receivables and Payables

All utility and property tax receivables are shown at a gross amount since both are assessable to the property and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Scott County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

3. Land Held for Resale

Land is acquired by the City for subsequent resale for redevelopment purposes. Land held for resale is reported as an asset at the lower of cost or estimated realizable value in the fund that acquired it.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Light vehicles	4-5
Machinery and equipment	5-20
Building improvements	10-40
Infrastructure	20-50
Buildings	40-50
Utility distribution system	50

The City has elected not to retroactively report governmental infrastructure assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

6. Compensated Absences

The City compensates all employees for unused flex leave; this is in lieu of employees taking sick leave or vacation leave under the City leave policy. Eligible employees are compensated for accrual of compensatory hours upon termination. Flex leave can be accrued up to 1.5 years of annual flex, any amount over this will be converted to extended sick leave hours. Employees terminating their employment with the City receive 100% of the flex leave balance, not including extended sick leave bank balance, based on the rate of pay in effect for the employee on the date of termination.

Accumulated flex leave estimated to be payable as termination pay is accrued as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignation and retirement.

The City compensates all employees for unused flex leave; this is in lieu of employees taking sick leave or vacation leave under the City leave policy. Eligible employees are compensated for accrual of compensatory hours upon termination. Flex leave can be accrued up to 1.5 years of annual flex, any amount over this will be converted to extended sick leave hours. Employees terminating their employment with the City receive 100% of the flex leave balance, not including extended sick leave bank balance, based on the rate of pay in effect for the employee on the date of termination.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

6. Compensated Absences (Continued)

Accumulated flex leave estimated to be payable as termination pay is accrued as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirement.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA, and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Other Post Employment Benefits

The City charges actual age-rated premium costs to current employees and any retired employees, resulting in no implicit rate subsidy obligation. No other benefits offered by the City qualify as other post employment benefits (OPEB); therefore, no liability related to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* has been recorded in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

10. Fund Equity

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – This category includes fund balance that cannot be spent because it is either (1) not in spendable form or (2) is legally or contractually required to be maintained intact.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

b. Minimum Fund Balance and Net Position

The City's target General Fund balance is to maintain an unassigned fund balance equivalent to at least 50% of the current year's operating budget. The City will maintain restricted fund balances in its capital project funds to provide adequate working capital for current expenditure needs. The City will maintain net position in its enterprise funds to provide adequate working capital for current expense needs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

11. Net Position

Net position represents the difference between assets deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General, Fire Department, and Proprietary Funds. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
7. Budgeted amounts are as originally adopted or as amended by the City Council. Budgeted expenditure appropriations lapse at year-end.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

At December 31, 2018, the following Funds had deficit fund balances:

2006A G.O. Improvement Bonds	\$	(901)
2012B Refunding/2003 G.O. Bonds		(5,485)
2015A G.O. Refunding Bonds		(1)
Roundabout Construction		(91,098)
2019 Pavement Rehab Project		(27,814)

The deficits may be eliminated through the collections of property taxes and special assessments or reimbursement from utility enterprise funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as cash and cash equivalents or investments. For purposes of identifying risk of investing public funds, the balances, and related restrictions are summarized as follows.

A. Deposits

Custodial Credit Risk – Deposits: Custodial Credit Risk: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has adopted a deposit policy to address custodial risk for deposits that states all depositories approved by the City Council must maintain a sufficient level of depository insurance and collateralized securities to cover deposits made by the City.

As of December 31, 2018, the City's bank balance was not exposed to custodial credit risk because it was fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

As of December 31, 2018, the City had the following deposits and cash on hand:

Checking	\$ 458,468
Savings	2,250,661
CDARS	1,299,082
Petty cash	542
	<hr/>

Total deposits

\$ 4,008,753

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of December 31, 2018, the City had the following investments:

Investment	Type	Maturity	Credit Rating	Market Value	Concentration Credit Risk
4M Fund Due within year	MM	N/A	NR	\$ 32,470 <u>32,470</u>	100.0% <u>100.0%</u>

Concentration of Credit Risk: Investments should be diversified to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The City's investment policy addresses diversification of maturity dates, and liquidity of the investment portfolio. The policy also states to protect City funds from concentration of credit risk, the City will disclose when more than 5% of its investments are with one issuer.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy refers to *Minnesota Statutes* 118A. *Minnesota Statutes* 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. The City's objective relating to interest rate risk is to mitigate declines in market value of investments due to changes in interest rates. The City's investment policy addresses diversification of maturity dates, and liquidity of the investment portfolio which will prevent over investing in specific instruments.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states all investments of City funds must be covered by security investor protection or other acceptable brokerage insurance to limit the City's exposure to custodial credit risk.

C. Deposits and Investments

Summary of cash deposits and investments as of December 31, 2018 were as follows:

Deposits and cash on hand (Note 3. A)	\$ 4,008,753
Investments (Note 3. B.)	<u>32,470</u>
Total deposits and investments	<u>\$ 4,041,223</u>

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Deposits and Investments (Continued)

Deposits and investments are presented in the December 31, 2018 basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 3,916,945
Statement of Fiduciary Net Position	<u>124,278</u>
Total deposits and investments	<u>\$ 4,041,223</u>

NOTE 4 – DUE FROM OTHER GOVERNMENTS

In 2010, the City entered an agreement with the Scott County Community Development Agency (CDA) to financially assist with the construction of a library facility. This agreement was amended in 2013 to require the CDA to pay the City for \$642,560 of trunk, access, and connection fees over a fifteen year period. Accordingly, due from other governments receivables are recorded in the Water, Sewer, and Storm Sewer Enterprise Funds. The 2017 and 2018 payment will be made for \$59,192 in 2019 in addition to annual payments from 2019 to 2025 of \$29,596.

City of Elko New Market
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land and easements	\$ 1,007,777	\$ -	\$ -	\$ 1,007,777
Construction in progress	599,283	-	599,283	-
Total capital assets not being depreciated	1,607,060	-	599,283	1,007,777
Capital assets being depreciated				
Buildings	1,976,546	21,588	-	1,998,134
Machinery and equipment	2,694,200	298,383	209,565	2,783,018
Improvements	877,144	599,283	-	1,476,427
Infrastructure	8,514,235	-	-	8,514,235
Total capital assets being depreciated	14,062,125	919,254	209,565	14,771,814
Less accumulated depreciation for				
Buildings	538,979	49,012	-	587,991
Machinery and equipment	1,194,379	198,807	183,095	1,210,091
Improvements	350,864	85,861	-	436,725
Infrastructure	2,840,231	267,863	-	3,108,094
Total accumulated depreciation	4,924,453	601,543	183,095	5,342,901
Total capital assets being depreciated, net	9,137,672	317,711	26,470	9,428,913
Governmental activities capital assets, net	\$ 10,744,732	\$ 317,711	\$ 625,753	\$ 10,436,690

City of Elko New Market
Notes to Financial Statements

NOTE 5 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ 187,380	\$ -	\$ -	\$ 187,380
Total capital assets not being depreciated	187,380	-	-	187,380
Capital assets being depreciated				
Water main and system	18,787,261	-	-	18,787,261
Sanitary sewer main and system	13,344,964	-	-	13,344,964
Storm sewer system	4,827,079	-	-	4,827,079
Machinery and equipment	171,968	-	-	171,968
Total capital assets being depreciated	37,131,272	-	-	37,131,272
Less accumulated depreciation for				
Water main and system	2,502,429	430,357	-	2,932,786
Sanitary sewer main and system	6,011,121	231,769	-	6,242,890
Storm sewer system	1,222,581	96,541	-	1,319,122
Machinery and equipment	103,961	24,971	-	128,932
Total accumulated depreciation	9,840,092	783,638	-	10,623,730
Total capital assets being depreciated, net	27,291,180	(783,638)	-	26,507,542
Business-type activities capital assets, net	\$ 27,478,560	\$ (783,638)	\$ -	\$ 26,694,922

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 47,339
Public safety	135,237
Public works	332,139
Parks and recreation	86,828
Total depreciation expense - governmental activities	\$ 601,543
Business-type activities	
Water	\$ 436,333
Sewer	247,300
Storm sewer	100,005
Total depreciation expense - business-type activities	\$ 783,638

**City of Elko New Market
Notes to Financial Statements**

**City of Elko New Market
Notes to Financial Statements**

NOTE 6 – LONG-TERM DEBT

A. G.O. Bonds

The City issues G.O. bonds to provide for financing utility projects and street improvements. Debt service is covered respectively by utility revenue and special assessments against benefited properties with any shortfalls being paid from general taxes.

B. Loans Payable

A loan from the Metropolitan Council was recorded during 2010 for the sum of \$239,000 to cover the cost of City trunk sewer connections under CSAH 2 as part of the construction of the CSAH 2 portion of the Elko New Market interceptor. The first payment was made in 2012 with final payment due in 2031. Payments will be \$17,695 each year which includes interest paid at 4.07%.

A Reserve Capacity Loan from the Metropolitan Council was recorded during 2012 for the sum of \$197,568 to cover the increment cost of City trunk sewer connections. Since 2012, additional borrowing and payments occurred resulting in an ending balance of \$676,346. Interest on financing is effective at 3.6% charged on prior year-end balance. Principal and interest is payable on the loan annually but can fluctuate based on the difference between forecasted and actual sewer access charges and therefore this loan was included as loans payable at December 31, 2018, but excluded from the maturity schedules due to uncertainty of future annual payments.

C. PFA Notes Payable

In 2018, the City received final reimbursement from the Minnesota Public Facilities Authority to finance construction costs. This reimbursement along with prior reimbursements totaled \$10,194,232 for the purpose of financing the eligible project costs of the Drinking Water Revolving Fund project to construct treatment to remove radium, rehabilitate storage tower, and add an additional well. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1% per annum accruing from and after the date of the Note, which is December 24, 2014, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

There is a regular interest and principal payment due August 20, 2016, and every six months thereafter on a semi-annual basis. Interest will be payable beginning on February 20, 2016. This is projected to continue until August 20, 2034, if all amounts are disbursed as projected, and all payments are made on a timely basis.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

D. Components of Long-Term Liabilities

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Governmental activities						
G.O. Bonds and notes, including refunding bonds						
G.O. Equipment certificate 2009A	04/08/09	4.00%	\$ 60,500	02/01/19	\$ 8,000.00	\$ 8,000.00
G.O. Taxable library notes 2010A	12/14/10	3.07%	426,323	02/01/32	370,323	23,000
G.O. Improvement Refunding						
Bonds 2011A	07/01/11	2.00%-3.75%	1,380,000	02/01/26	935,000	105,000
G.O. Refunding Bonds 2012A	01/24/12	0.50%-1.70%	75,000	02/01/19	10,000	10,000
G.O. Refunding Bonds 2012B	11/05/12	0.60%-2.10%	115,000	02/01/24	60,000	10,000
G.O. Bonds 2013A	12/15/13	3.00%-3.50%	1,272,000	02/01/29	944,915	87,829
G.O. Bonds 2015A	08/20/15	2.00%-3.00%	1,385,000	02/01/26	1,120,000	140,000
G.O. Refunding Bonds 2015B	08/20/15	2.00%-2.50%	365,000	02/01/24	290,000	50,000
Bond premium					58,892	-
Total G.O. Bonds and notes					<u>3,797,130</u>	<u>433,829</u>
Compensated absences						
Total governmental activities					<u>55,476</u>	<u>55,476</u>
					<u>\$ 3,852,606</u>	<u>\$ 489,305</u>
Business-type activities						
G.O. Bonds and notes, including Refunding Bonds						
G.O. Refunding Bonds 2012B	11/05/12	0.60%-2.10%	\$ 1,175,000	02/01/25	\$ 780,000	\$ 110,000
G.O. Bonds 2013A	12/15/13	3.00%-3.50%	828,000	02/01/29	615,086	57,172
G.O. PFA note water treatment facility						
2013 PFA	10/29/14	0.11%-2.85%	10,194,232	08/20/34	8,608,000	499,000
G.O. Refunding Bonds 2015B	08/20/15	2.00%-2.50%	605,000	02/01/24	525,000	85,000
Bond premium/discount					36,223	-
Total G.O. Bonds and notes					<u>10,564,309</u>	<u>751,172</u>
Metropolitan council loan payable	2010	4.07%	239,000	2031	175,935	10,534
Metropolitan council loan payable	2012	4.07%	353,900	2031	676,346	-
Compensated absences					26,846	14,899
Total business-type activities					<u>\$ 11,443,436</u>	<u>\$ 776,605</u>

Compensated absences are liquidated by either the General Fund or enterprise funds, depending upon where employees' time is assigned.

City of Elko New Market
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

E. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds and notes payable	\$ 4,380,717	\$ -	\$ 642,479	\$ 3,738,238	\$ 433,829
G.O. Bonds and notes	66,096	-	7,204	58,892	-
Bond premium	4,446,813	-	649,683	3,797,130	433,829
Total bonds and notes payable	80,416	52,302	71,242	55,476	55,476
Compensated absences	4,527,229	52,302	726,925	3,852,606	489,305
Activities					
Business-type activities					
Bonds payable	895,000	-	115,000	780,000	110,000
G.O. Revenue bonds	1,337,106	-	197,021	1,140,086	142,172
G.O. Bonds	41,216	-	4,993	36,223	-
Bond premium/discount	2,273,322	-	317,014	1,956,309	252,172
Total bonds payable	9,102,194	-	494,194	8,608,000	499,000
PFA note	676,436	394,000	218,155	852,281	10,534
Loan payable	34,580	7,165	14,899	26,846	14,899
Compensated absences	12,086,532	401,165	1,044,262	11,443,436	776,605
activities					
Total long-term liabilities	\$ 16,613,761	\$ 453,467	\$ 1,771,187	\$ 15,296,042	\$ 1,265,910

The annual requirements to amortize outstanding long-term debt are as follows:

Years Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 433,829	\$ 97,870	\$ 531,699
2020	426,886	87,430	514,316
2021	437,886	76,671	514,557
2022	451,914	65,300	517,214
2023	467,971	53,209	521,180
2024-2028	1,330,685	106,922	1,437,607
2029-2033	189,067	9,329	198,396
Total	\$ 3,738,238	\$ 496,731	\$ 4,234,969

City of Elko New Market
Notes to Financial Statements

NOTE 6 – LONG-TERM DEBT (CONTINUED)

E. Change in Long-Term Liabilities (Continued)

Years Ending December 31,	G.O. Revenue Bonds			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 110,000	\$ 12,285	\$ 122,285	\$ 142,171	\$ 29,765	\$ 171,936
2020	110,000	10,965	120,965	146,114	26,186	172,300
2021	115,000	9,387	124,387	141,114	22,497	163,611
2022	115,000	7,548	122,548	153,086	18,609	171,695
2023	120,000	5,490	125,490	157,029	14,407	171,436
2024-2028	210,000	3,990	213,990	349,315	30,031	379,346
2029-2033	-	-	-	51,257	897	52,154
2034	-	-	-	-	-	-
Total	\$ 780,000	\$ 49,665	\$ 829,665	\$ 1,140,086	\$ 142,392	\$ 1,282,478

Years Ending December 31,	Loans			PFA Note		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 10,534	\$ 7,161	\$ 17,695	\$ 499,000	\$ 86,080	\$ 585,080
2020	10,963	6,732	17,695	504,000	81,090	585,090
2021	11,409	6,286	17,695	509,000	76,050	585,050
2022	11,874	5,821	17,695	514,000	70,960	584,960
2023	12,357	5,338	17,695	519,000	65,820	584,820
2024-2028	69,751	18,724	88,475	2,674,000	250,170	2,924,170
2029-2033	49,047	4,038	53,085	2,811,000	113,810	2,924,810
2034	-	-	-	578,000	5,780	583,780
Total	\$ 175,935	\$ 54,100	\$ 230,035	\$ 8,608,000	\$ 749,760	\$ 9,357,760

Years Ending December 31,	Total Business-Type Activities		
	Principal	Interest	Total
2019	\$ 761,705	\$ 135,291	\$ 896,996
2020	771,077	124,973	896,050
2021	776,523	114,220	890,743
2022	793,960	102,938	896,898
2023	808,386	91,055	899,441
2024-2028	3,303,066	302,915	3,605,981
2029-2033	2,911,304	118,745	3,030,049
2034	578,000	5,780	583,780
Total	\$ 10,704,021	\$ 995,917	\$ 11,699,938

**City of Elko New Market
Notes to Financial Statements**

**City of Elko New Market
Notes to Financial Statements**

NOTE 7 – EQUITY

	2011 A.G.O. Improvement Refunding Bond	Fire Department	Nonmajor Governmental Funds	Total
Nonspendable				
Land held for resale	\$ -	\$ -	\$ -	\$ 13,689
Prepaid items	15,152	5,751	-	20,903
Restricted				
Police forfeitures	-	-	16,229	16,229
Park dedication	-	-	52,639	52,639
Charitable gambling	-	-	31,965	31,965
Debt service	163,650	-	123,775	287,425
Committed				
Fire department	-	106,711	-	106,711
Economic development	-	-	126,119	126,119
Community events	-	-	13,209	13,209
PEG programming	-	-	10,676	10,676
Assigned				
Capital projects	-	-	2,111,011	2,111,011
Unassigned	1,465,811	-	(125,298)	1,340,513
Total	\$ 1,480,963	\$ 112,462	\$ 2,360,325	\$ 4,131,089

NOTE 8 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2018 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2018, there were no other claims or liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 9 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2018, was \$306,407. The components of pension expense are noted in the following plan summaries.

The General Fund and Proprietary Funds typically liquidate the liability related to pensions.

Public Employees' Retirement Association

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan, accounted for in the General Employees Fund)

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (Police and Fire Plan, accounted for in the Police and Fire Fund)

The Police and Fire Plan originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated member is 1.2% for each of the first ten years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

General Employees Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after 5 years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90% funded ratio for 2 consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80% for one year or 85% for 2 consecutive years, the post-retirement benefit increase will be lowered to 1%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Contributions
Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City's contributions to the General Employees Fund for the year ended December 31, 2018, were \$55,232. The City's contributions were equal to the required contributions as set by state statute.

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

C. Contributions (Continued)

Police and Fire Fund Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for members in calendar year 2018. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018, were \$55,577. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$571,402 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$18,852. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion share was 0.0103%, which was an increase of 0.007% from its proportion measured as of June 30, 2017.

City's proportionate share of the net pension liability	\$ 571,402
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>18,852</u>
Total	<u>\$ 590,254</u>

For the year ended December 31, 2018, the City recognized pension expense of \$78,409 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$4,396 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,144	\$ 14,886
Changes in actuarial assumptions	48,754	61,216
Difference between projected and actual investment earnings	-	60,623
Changes in proportion	51,052	-
Contributions paid to PERA subsequent to the measurement date	<u>27,616</u>	<u>-</u>
Total	<u>\$ 141,566</u>	<u>\$ 136,725</u>

\$27,616 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ 34,386
2020	(11,940)
2021	(33,295)
2022	(11,926)
Total	<u>\$ (22,775)</u>

NOTE 9 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

At December 31, 2018, the City reported a liability of \$330,809 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.0313%, which was an increase of 0.0023% from its proportion measured as of June 30, 2017. The City also recognized \$2,817 for the year ended December 31, 2018 as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$53,801 for its proportionate share of the Police and Fire Fund's pension expense.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Fund's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,874	\$ 65,373
Changes in actuarial assumptions	331,293	455,870
Difference between projected and actual investment earnings	-	80,220
Changes in proportion	143,691	-
Contributions paid to PERA subsequent to the measurement Date	<u>27,789</u>	<u>-</u>
	<u>\$ 515,647</u>	<u>\$ 601,463</u>

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

Police and Fire Fund Pension Costs

\$27,789 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2019	\$ 8,382
2020	(3,990)
2021	(29,175)
2022	(92,897)
2023	4,075
Total	\$ (113,605)

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 %	Per Year
Active member payroll growth	3.25	Per Year
Investment rate of return	7.50	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.0% per year for the Police and Fire Plan, and 2.0% per year for the Correctional Plan.

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six year experience study in the General Employees Plan was completed in 2015. The most recent four year experience study for Police and Fire Plan was completed in 2016. The five year experience study for the Correctional Plan, prepared by a former actuary, was completed in 2012. The mortality assumption for the Correctional Plan is based on the Police and Fire Plan experience study completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	36%	5.10%
International stocks	17	5.30
Bonds	20	0.75
Alternative assets	25	5.90
Cash	2	0.00
Total	<u>100%</u>	

NOTE 9 –PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G Pension Liability Sensitivity

The following table presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)		1% Increase in Discount Rate (8.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 928,601	\$ 571,402	\$ 276,544
	1% Decrease in Discount Rate (6.5%)		1% Increase in Discount Rate (8.5%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 712,498	\$ 330,809	\$ 15,168

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnperra.org.

NOTE 9 –PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association

A. Plan Description

The Elko New Market Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Elko New Market Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Elko New Market Firefighter's Association, PO Box 127, Elko New Market, MN 55020 or by calling 952-461-2777.

B. Benefits Provided

Volunteer firefighters of the City are members of the Elko New Market Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 10 years of service for a lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

C. Employees Covered by Benefit Terms

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	8
Active employees	<u>28</u>
Total	<u>36</u>

D. Contributions.

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$57,247 made by the State of Minnesota for the Relief Association.

E. Net Pension Liability

The City's net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

E. Net Pension Liability (Continued)

Actuarial assumptions:

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increase	N/A average, including inflation
Investment rate of return	6.50 net of pensions plan investment expenses: including inflation

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

The long-term return on assets has been set based on the plan's target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5 %	0.79 %
International equity	10	5.20
Domestic equity	50	5.39
Fixed income	35	1.98
Real estate	0	4.25
Total	100 %	

Discount rate:

The discount rate used to measure the total pension liability was 6.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

F. Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2018	\$ 1,986,826	\$ 2,870,847	\$ (884,021)
Changes for the year			
Service cost	75,141	-	75,141
Interest cost	120,993	-	120,993
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Changes of benefit terms	232,390	-	232,390
State and local contributions	-	175,694	(175,694)
Donations and other income	-	8,100	(8,100)
Projected investment return	-	-	-
Net Investment Income	-	(109,642)	109,642
Benefit payments	(401,080)	(401,080)	-
Administrative expense	-	-	-
Other charges	-	-	-
Net charges	27,444	(326,928)	354,372
Balances at December 31, 2018	\$ 2,014,270	\$ 2,543,919	\$ (529,649)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.5%) than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
City's net pension liability	\$ (486,237)	\$ (529,649)	\$ (571,088)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

NOTE 9 – PENSION PLANS (CONTINUED)

Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association (Continued)

G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense of \$116,950. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,627
Changes of assumptions	15,067	16,792
Net difference between projected and actual earnings on pension plan investments	137,070	-
Total	<u>\$ 152,137</u>	<u>\$ 51,419</u>

**Year Ending
December 31,**

2019	\$ 46,107
2020	7,671
2021	3,766
2022	49,098
2023	(4,453)
Thereafter	(1,471)
Total	<u>\$ 100,718</u>

H. Payable to the Pension Plan

At December 31, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due from/to Other Funds

The composition of interfund balances as of December 31, 2018, was as follows:

Receivable Fund	Payable Fund	Amount
Other governmental funds	Other governmental funds	\$ 85,424
Other governmental funds	Sewer	<u>309,234</u>
Total Interfund Balances		<u>\$ 394,658</u>

The interfund balances above are short-term borrowings to cover negative cash balances at the end of the year.

B. Interfund Loan Payable

	Payable Fund	Amount
Other Governmental Funds	Storm Sewer	<u>\$ 78,508</u>

On March 28, 2013, an interfund loan was approved between the Capital Projects Fund and the Storm Sewer Fund for the amount of \$150,000. The loan is payable over ten years, with yearly principal payments and annual interest of 1.89%.

C. Transfers

	Transfers In		Total
	2011A	Other	
Transfers out			
General fund	\$ -	\$ 169,432	\$ 169,432
Fire department	-	241,112	241,112
Other governmental funds	116,093	245,428	361,521
Total transfers	<u>\$ 116,093</u>	<u>\$ 655,972</u>	<u>\$ 772,065</u>

A transfer was made from the General Fund to the Capital Projects Fund and Capital Outlay Fund for amounts over 50% of fund reserves. Transfers were made from the Fire Fund and Capital Projects Fund to debt service funds to eliminate negative fund balances and assist with debt service requirements.

**City of Elko New Market
Notes to Financial Statements**

NOTE 11 – CONTINGENCIES

In the normal course of operations, the City is exposed to various claims and litigation. As of December 31, 2018, none of these activities are deemed to have a material impact on the City's financial statements.

NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending December 31, 2019.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

**City of Elko New Market
Schedule of City's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage of the Net Pension Liability (Asset))	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.0103%	\$ 571,402	\$ 18,852	\$ 590,254	618,387	693,653	79.53%
2017	0.0096%	612,858	7,705	620,563	573,013	618,387	75.96%
2016	0.0092%	463,994	9,840	473,834	573,013	573,013	88.91%
2015	0.0091%	471,069	-	471,069	525,253	525,253	78.19%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**Schedule of City's Proportionate Share
of Net Pension Liability
Public Employees Police and Fire Retirement Fund
Last Ten Years***

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Share of the Net Pension Liability (Asset)	City's Covered- Employee Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	0.0313%	\$ 330,809	\$ 330,315	100.15%	88.84%
2017	0.0290%	388,925	301,537	128.98%	85.43%
2016	0.0250%	1,001,044	238,173	420.30%	63.88%
2015	0.0250%	284,059	224,852	126.33%	86.61%

* These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

**City of Elko New Market
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years***

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions		City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
		Statutorily Required Contribution	Contribution Deficiency (Excess)		
2018	\$ 55,232	\$ 55,232	\$ -	736,427	7.50%
2017	43,041	43,041	-	573,880	7.50%
2016	40,907	40,907	-	545,427	7.50%
2015	41,511	41,511	-	553,480	7.50%

* These schedules are intended to show ten year trend. Additional years will be displayed as they become available.

**Schedule of City Contributions
Public Employees Police and Fire Retirement Fund
Last Ten Years***

Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions		City's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
		Statutorily Required Contribution	Contribution Deficiency (Excess)		
2018	\$ 55,577	\$ 55,577	\$ -	343,068	16.20%
2017	51,233	51,233	-	316,253	16.20%
2016	41,339	41,339	-	255,179	16.20%
2015	36,157	36,157	-	223,191	16.20%

* These schedules are intended to show ten year trend. Additional years will be displayed as they become available.

**City of Elko New Market
Schedule of Changes in Net Pension Liability -
Fire Relief/Association**

	Measurement Date		
	2015	2017	2018
Total pension liability (TPL)			
Service cost	\$ 67,600	\$ 82,614	\$ 72,898
Interest on the pension liability	97,341	109,560	129,323
Differences between expected and actual experience	-	-	(47,669)
Changes of assumptions	10,394	(28,933)	12,969
Changes of benefit terms	136,386	-	39,950
Benefit payments	(116,288.0)	-	(127,272)
Net change in TPL	195,333	163,241	80,198
TPL - beginning	1,548,054	1,743,387	1,906,628
TPL - ending	\$ 1,743,387	\$ 1,906,628	\$ 1,986,826
Plan fiduciary net position (PFNP)			
Fire state aid	\$ 43,428	\$ 44,342	\$ 44,722
Fire supplemental aid	10,626	10,756	10,821
Municipal contribution	103,144	107,833	112,521
Donations and other income	29,000	16,000	9,000
Net investment income	(57,138)	111,403	392,217
Administrative fee	(13)	-	-
Benefit payments	(116,388)	-	(127,272)
Net change in PFNP	12,659	290,334	(127,272)
PFNP - beginning	2,125,846	2,138,505	2,428,839
PFNP - ending	\$ 2,138,505	\$ 2,428,839	\$ 2,870,847
Net pension liability - ending	\$ (395,118)	\$ (522,211)	\$ (884,021)
Plan fiduciary net position as a percentage of the total pension liability	122.7%	127.4%	144.5%

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required to a ten-year presentation, but does not require retrospective reporting. Information prior to 2014 is not available.

**City of Elko New Market
Schedule of Employer Contributions
and Non-Employer Contributing
Entities - Fire Relief Association**

	2015	2016	2017	2018
Employer Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Actual contribution	(103,144)	(107,833)	(112,521)	(118,447)
Contribution deficiency (excess)	<u>\$ (103,144)</u>	<u>\$ (107,833)</u>	<u>\$ (112,521)</u>	<u>\$ (118,447)</u>
Non-employer 2% aid	<u>\$ 54,054</u>	<u>\$ 55,098</u>	<u>\$ 55,543</u>	<u>\$ 57,247</u>

The Association implemented the provisions of Governmental Accounting Standards Board Statement No 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section required a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available.

**City of Elko New Market
Notes to Required Supplementary Information**

GENERAL EMPLOYEES FUND

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

POLICE AND FIRE FUND

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

City of Elko New Market
Notes to Required Supplementary Information

POLICE AND FIRE FUND (CONTINUED)

2017 Changes

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be 3 years younger) and female members (husbands assumed to be 4 years older) to the assumption that males are 2 years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

City of Elko New Market, Minnesota
\$4,965,000* General Obligation Bonds, Series 2020A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$_____ (which may not be less than \$4,890,525) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2021	_____ %	_____ %	_____ %	2031	_____ %	_____ %	_____ %
2022	_____ %	_____ %	_____ %	2032	_____ %	_____ %	_____ %
2023	_____ %	_____ %	_____ %	2033	_____ %	_____ %	_____ %
2024	_____ %	_____ %	_____ %	2034	_____ %	_____ %	_____ %
2025	_____ %	_____ %	_____ %	2035	_____ %	_____ %	_____ %
2026	_____ %	_____ %	_____ %	2036	_____ %	_____ %	_____ %
2027	_____ %	_____ %	_____ %	2037	_____ %	_____ %	_____ %
2028	_____ %	_____ %	_____ %	2038	_____ %	_____ %	_____ %
2029	_____ %	_____ %	_____ %	2039	_____ %	_____ %	_____ %
2030	_____ %	_____ %	_____ %	2040	_____ %	_____ %	_____ %

Designation of Term Maturities

Years of Term Maturities _____

In making this offer on the sale date of May 14, 2020 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated May 1, 2020 including the City’s right to modify the principal amount of the Bonds. (See “Terms of Proposal” herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$_____

TRUE INTEREST RATE: _____ %

The Bidder will not will purchase municipal bond insurance from _____.

Account Members

Account Manager
By: _____
Phone: _____

.....
The foregoing proposal has been accepted by the City.

Attest: _____ Date: _____

.....

Summary:

**Elko New Market, Minnesota; General
Obligation**

Primary Credit Analyst:

Augustin Kazakevicius, Centennial + 1 (303) 721 4782; augustin.kazakevicius@spglobal.com

Secondary Contact:

Andrew J Truckenmiller, Chicago + 1 (312) 233 7032; andrew.truckenmiller@spglobal.com

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Summary:

Elko New Market, Minnesota; General Obligation

Credit Profile

US\$4.965 mil GO bnds ser 2020A due 08/01/2040

Long Term Rating AA+/Stable New

Elko New Market GO bnds ser 2015A due 02/01/2026

Long Term Rating AA+/Stable Affirmed

Elko New Market GO rfdg bnds ser 2015B due 02/01/2024

Long Term Rating AA+/Stable Affirmed

Elko New Market GO

Long Term Rating AA+/Stable Affirmed

Rating Action

S&P Global Ratings assigned its 'AA+' long-term rating to Elko New Market, Minn.'s general obligation (GO) bonds, series 2020A. At the same time, we affirmed our 'AA+' long-term rating on the city's GO debt outstanding. The outlook is stable.

Proceeds of the bonds will be used to finance various capital improvements, street reconstruction and improvements, sewer improvements, and the purchase of equipment. Securing the bonds is the city's full faith, credit, and unlimited taxing power. In addition, the city pledges special assessments and utility revenues for portions of the bonds. However, we rate to the GO pledge.

Credit overview

The 'AA+' rating reflects the city's very strong economy and reserves. The city of Elko New Market is located near the Minneapolis-St. Paul metropolitan statistical area (MSA), providing residents with additional employment opportunities and contributing to the city's strong residential development in recent years. Additionally, the city's financial performance over the last few years has contributed to consistently better-than-budgeted results and sustained very strong reserves. While the COVID-19 pandemic and the recession have not yet resulted in a significant impact on the city's performance, we believe pressures may materialize if the effects of the recession are prolonged. However, because of the city's very strong reserves, as well as its reliance on property tax-based revenues, we believe it is well-situated to maintain flexibility in costs and absorb potential revenue losses from the pandemic and the recession.

The rating further reflects our view of Elko New Market's:

- Strong economy, with access to a broad and diverse MSA;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;

- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2018;
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2018 of 170% of operating expenditures;
- Very strong liquidity, with total government available cash at 108.5% of total governmental fund expenditures and 5.1x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 21.2% of expenditures and net direct debt that is 299.2% of total governmental fund revenue, but rapid amortization, with 67.5% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Stable Outlook

Downside scenario

If the city's financial performance were to worsen, such that reserves were no longer comparable with those of similarly rated peers, we could lower the rating.

Upside scenario

If the city's economic indicators were to improve, demonstrated by significantly higher income and market value indicators, we could raise the rating.

Credit Opinion

Strong economy

We consider Elko New Market's economy strong. The city, with an estimated population of 4,935, is located in Scott County in the Minneapolis-St. Paul-Bloomington, MN-WI MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 118% of the national level and per capita market value of \$96,239. Overall, the city's market value grew by 5.5% over the past year, to \$474.9 million in 2019. The county unemployment rate was 2.5% in 2018.

Elko New Market is located approximately 30 miles south of the Minneapolis-St. Paul metropolitan area, in Scott County. Serving primarily as a bedroom community for the larger metropolitan area, 92.6% of the tax base is residential. Strong housing demand in the Twin Cities area has sustained residential development in the city of Elko New Market. Despite the COVID-19 pandemic, officials have indicated that additional developments are currently seeking city approval.

Due to the composition of the tax base, we believe the city is somewhat mitigated from immediate risks related to COVID-19 and the recession. However, because of the nature of the situation, we understand that potential pressures may materialize in the medium term.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Management incorporates five years of historical data and available outside sources when preparing budgetary forecasts. Budget-to-actual reports are shared with the council on a quarterly basis. The city projects future operational revenues and expenditures, incorporated in its budget. The city's current capital improvement plan, adopted in 2019, looks out five years but is not updated annually. The city also maintains formal investment management and debt management policies. Investment holdings and earnings are reported quarterly. Finally, the city also maintains a formal reserve policy of 50% of current-year operating expenditures.

Strong budgetary performance

Elko New Market's budgetary performance is strong, in our opinion. The city had operating surpluses of 9.9% of expenditures in the general fund and of 3.1% across all governmental funds in fiscal 2018.

We adjusted the city's general fund expenditures to account for routine transfers out to its debt service and capital projects funds.

General fund revenues for fiscal years 2017 and 2018 came in consistently better than budgeted as a result of greater-than-anticipated revenues, largely related to building permits tied to residential development. General fund expenditures were notably less in fiscal 2017, attributable to savings in building and consulting costs. In fiscal 2018, expenditures were under budget as a result of conservative results across departments.

According to the city's latest fiscal 2019 estimates, general fund results were better than budgeted, owing in part to a number of unfilled staff positions and reduced expenditures on consultant services.

The city is budgeting for a break-even result in fiscal 2020, which includes recurring transfers. While no adjustments have been made at this time in relation to COVID-19 and the recession, officials indicate that they are closely monitoring the situation. The city budgets for unforeseen situations and maintains flexibility in cutting costs by deferring maintenance expenses, should revenues fall.

The COVID-19 pandemic and ensuing recession have, as of yet, had minimal impact on the city, primarily because of its residential nature. Despite potential talks on property tax deferrals at the county level, management projects that escrowed payments will be collected on time and that the city maintains sufficient liquidity to offset immediate pressures.

The city's general fund revenues primarily come from property taxes (73.6%), followed by intergovernmental revenues (13.3%) and licenses and permits (6.3%).

Despite conservative budgeting and the current minimal impact from COVID-19 and the recession, we believe that performance volatility because of uncertainty regarding intergovernmental and other revenues, could materialize in the medium term, which could affect the city's budget.

Very strong budgetary flexibility

Elko New Market's budgetary flexibility is very strong, in our view, with a high available fund balance in fiscal 2018 of 170% of operating expenditures, or \$3.5 million. We expect the available fund balance to remain above 75% of expenditures for the current and next fiscal years, which we view as a positive credit factor. The available fund balance includes \$1.5 million (71.4% of expenditures) in the general fund and \$2.0 million (98% of expenditures) that is outside the general fund but legally available for operations.

The city has additional, legally available reserves in a number of funds, including capital projects, general capital projects, and capital outlay. Officials indicate they do not plan on drawing down general fund reserves in the next few years, though they do expect to fund some capital projects with the additional available reserves. Given the city's budgeted break-even result for fiscal 2020, we expect minor changes in its fund balance. Should the city experience unforeseen pressure in the form of reduced revenues or increased costs from the recession, we believe reserves provide the city with additional flexibility to absorb costs or revenue losses.

Very strong liquidity

In our opinion, Elko New Market's liquidity is very strong, with total government available cash at 108.5% of total governmental fund expenditures and 5.1x governmental debt service in 2018. In our view, the city has strong access to external liquidity, if necessary.

The city exhibits strong access to external sources of liquidity if needed, demonstrated by its debt issuance over the past years. Because of the city's liquidity position, we believe it is well-situated to manage short-term funding pressures, should the city's finances be affected by potential prolonged effects from the recession. A portion of the city's cash is held in money market funds, which do not represent an aggressive use of investments.

Weak debt and contingent liability profile

In our view, Elko New Market's debt and contingent liability profile is weak. Total governmental fund debt service is 21.2% of total governmental fund expenditures and net direct debt is 299.2% of total governmental fund revenue. Approximately 67.5% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

We note that a portion of the city's direct debt burden is supported by non-tax sources, such as special assessments and utility revenues. The city does not use alternative financing sources, and officials indicate that they do not have additional debt plans in the next two years.

Elko New Market's pension contributions totaled 3.1% of total governmental fund expenditures in 2018. The city made 206% of its annual required pension contribution in 2018.

Elko New Market's combined required pension and actual other postemployment benefit (OPEB) contributions totaled 3.1% of total governmental fund expenditures in 2018. That amount represented required contributions to pension obligations. The city made its full annual required pension contribution in 2018.

- We do not believe that pension and OPEB liabilities represent a medium-term credit pressure, as contributions are only a modest share of the budget and we believe the city has the capacity to absorb higher costs without pressuring operations.

- The city's two largest multiple-employer, defined-benefit pension plans have seen improvements in funded status in recent years, though plan statutory contributions have regularly fallen short of actuarial recommendations. Along with certain plan-specific actuarial assumptions and methods, this introduces some long-term risk of funding volatility and cost acceleration.
- The city charges actual age-rated premium costs to current employees and retired employees, resulting in no implicit rate subsidy obligation. No other benefits offered by the city qualify as OPEB.

The city participates in the following defined-benefit plans:

- Minnesota General Employees Retirement Fund (GERF): 80.2% funded (as of June 30, 2019), with a city proportionate share of the plan's net pension liability that we estimate at \$571,000;
- Minnesota Police and Fire Fund (PEPFF): 89.3% funded (June 30, 2019), with a proportionate share of \$334,000; and
- A single-employer Volunteer Fire Fighter's Relief Association plan, with a net asset of approximately \$530,000 (as of Dec. 31, 2018).

The city's combined pension and OPEB contributions were 3.1% of governmental fund expenditures in fiscal 2018. Total contributions to GERF and PEPFF were 89.02% and 93.72%, respectively, of our minimum funding progress metric in 2019 and were just above static funding in both cases. Annual contributions are based on a statutory formula that has typically produced contributions less than the actuarially determined contribution for each plan, which we think increases risk of underfunding over time if future funding shortfalls are not met with offsetting adjustments by the state legislature. Other key risks include a 7.5% investment rate of return assumption (for both plans) that indicates some exposure to cost acceleration due to market volatility, and an amortization method that significantly defers contributions into the future through a lengthy, closed amortization period based on a level 3.25% payroll growth assumption. Regardless, costs remain only a modest share of total spending and, in our view, are unlikely to pressure the city's medium-term operational health.

Strong institutional framework

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Criteria Guidance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings, Oct. 7, 2019

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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STAFF MEMORANDUM

SUBJECT:	Monthly Public Works Report – April 2020
MEETING DATE:	May 14, 2020
PREPARED BY:	Corey Schweich, Public Works Superintendent
REQUESTED ACTION:	Information Only

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
- A comprehensive park and trails system that will have sufficient facilities, play fields and open space to meet the needs of residents
- An effective and efficient transportation system, including access to the greater metropolitan area, transit opportunities, and improved connectivity to the interstate
- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance “shovel ready” status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

Staff is presenting a written report for Public Works activities in April.

DISCUSSION:

- Staff had 1 Snow & Ice Control events in April. Drifting occurred in some areas and salt was applied to the slippery spots.
- Staff assisted Scott County with a plugged culvert outside of town.
- Staff has finished citywide hydrant flushing. It should be noted that the Public Works Department flushes every hydrant in the spring and in the fall. Hydrant flushing is performed for multiple reasons, but primarily to ensure that the hydrants are operating properly. Staff will document any issues, and repairs will be completed at a later date. Before the water treatment facility was constructed, Staff would flush hydrants almost every month to remove the iron and manganese buildup in the water mains.
- Staff has repaired all sod damage caused by snowplowing activities this winter. As a result of the warmer temperatures and the ground not being frozen during the first few snowfalls there is more damage this year than previous years. Staff hydro seeded and mulched the damaged areas.
- The Department has started to switch over all of the winter equipment to summer operations. Staff will start mowing and trimming in May.
- Staff has continued to check and clean storm structures. Many times pond inlets and outlets can get plugged up with garbage, leaves, sticks, logs, plastic bags and other debris.
- All City parks and property have been fertilized. Staff will spray herbicide early next in May.
- Staff replaced the dynamic speed signs located on CSAH 2. The old signs had a number of lights that were no longer working.
- The water has been turned on in the shelter at Wagner Park.
- Staff removed the spring road restriction signs on all of the city streets entering the community.
- The Public Works Department started to grade the trail connection between Windrose and Woodcrest. At this point the trail is gravel and usable. The trail will be paved at a later date in conjunction with another trail project to save on costs.
- Staff borrowed a grader from the County and graded all of the gravel roads. They will have to be graded again before dust control can be applied.
- Due to COVID-19, the Department has taken special precautions while working. Staff has been advised to follow all of the social distancing guidelines while working. All meter checks have been cancelled for the foreseeable future as we are able to read meters from a vehicle. Staff will have limited contact with residents unless it is an emergency.
- Superintendent Schweich will continue to train newer Staff how to run and operate the Water Treatment Facility.
- Staff used a sod cutter to remove the lip on the edge of the ball fields at Wagner Park.
- Due to COVID-19 there was no training with the regional safety group made up of Elko New Market, Lakeville, and Farmington. Staff will continue to attend monthly safety trainings through this group when restrictions are lifted.
- Superintendent Schweich attended project team meetings with the architects that have been contracted to perform the design work associated with the Police Department renovation. There will be more meetings to attend in the coming months.

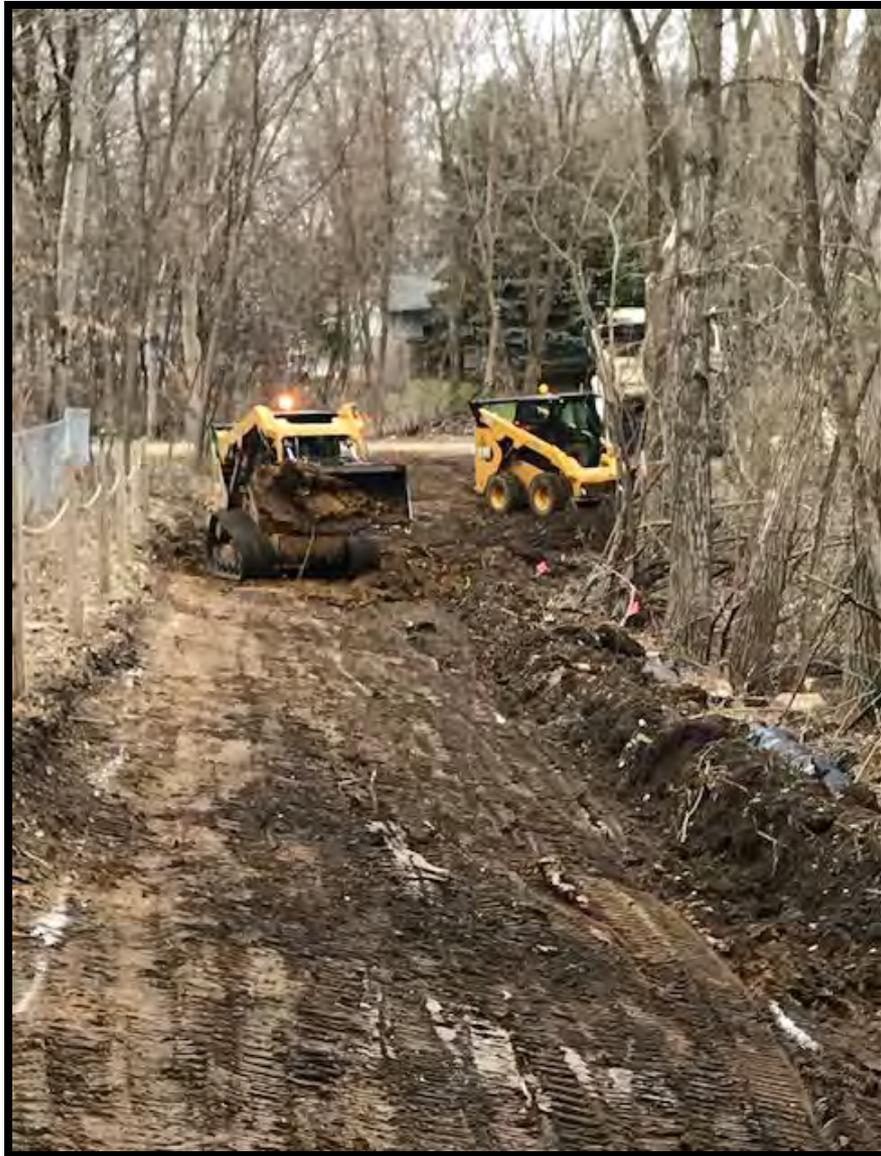
- The Department has been extremely busy dealing with various minor breakdowns within the Department's fleet. Joe, the Mechanic, continues to do an excellent job juggling projects, depending on equipment needs.

PHOTO ALBUM

COREY SCHWEICH

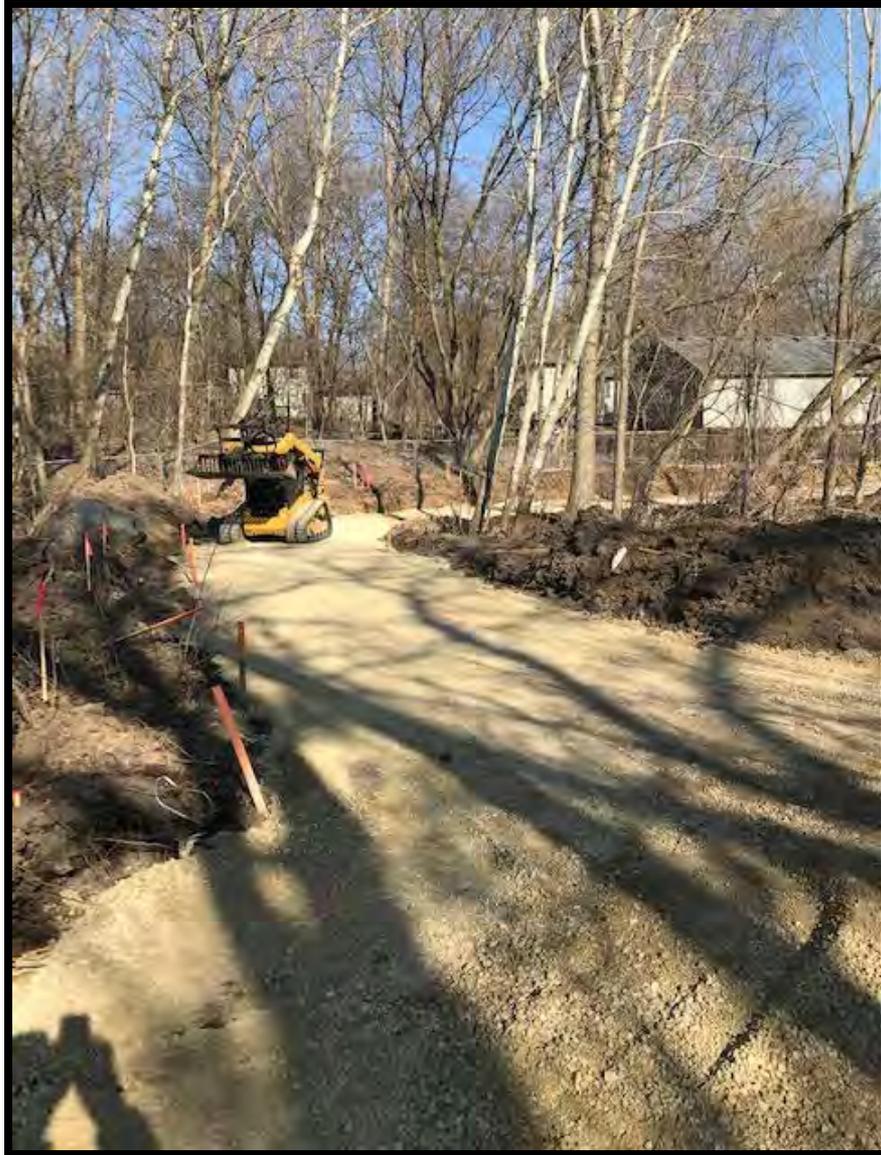
PUBLIC WORKS SUPERINTENDENT

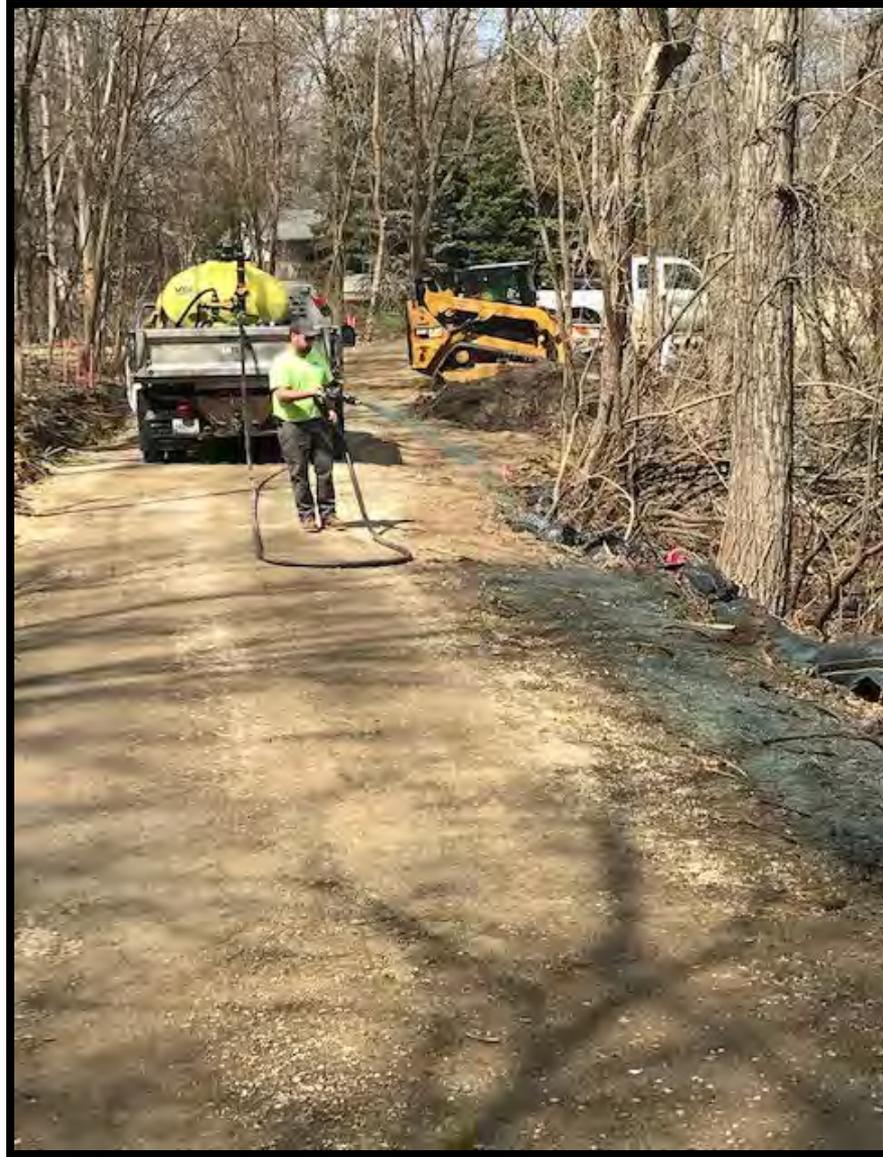
















STAFF MEMORANDUM

SUBJECT: Monthly Police Activity- April, 2020
MEETING DATE: May 14, 2020
PREPARED BY: Brady Juell, Chief of Police
REQUESTED ACTION: Information Only

COMMUNITY VISION:

- A mature growing freestanding suburb of the Twin Cities Metropolitan Area, preserving historic landmarks and small town character while providing suburban amenities and services, as well as full range of employment, housing, business, service, social, technology infrastructure and recreational opportunities for citizens and visitors
- Promote a diverse commercial base including light industrial and facilitating planned redevelopment which will be aesthetically pleasing with architectural standards that promotes quality development
- Provide a full range of municipal services to its residents. The City will allocate sufficient resources to meet the growing needs of the community
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- Provide community oriented local government and be financially sound, engaging in long-term financial planning to provide municipal services without undue burden on tax payers

5 YEAR GOALS:

- Diverse tax base, employment opportunities, additional businesses and services, promote high quality broad spectrum of residential development
- Advance "shovel ready" status of areas guided for commercial and industrial development
- Acquisition of land for public purposes, position City to take advantage of land acquisition opportunities
- Enhance quality of life through parks, trails, recreational programming and cultural events
- The development of residential lots and an increase in residential building permit activity

COMMUNITY ORIENTED LOCAL GOVERNMENT:

- Community Involvement
- Organizational Improvement
- Problem Solving
- Performance Measurement
- Professionalism

BACKGROUND:

Staff is presenting a written report to the City Council reporting on Police Department activities for the past month.

DISCUSSION:

ATV/GOLF CART INFORMATION

As of the writing of this memo, over 101 permits have been issued for ATV/Golf Carts/UTV. The breakdown to this point is **40 ATV, 45 Golf Cart, & 16 UTV**. Permits applications continue to roll in and by the reading of this, over 110 will be issued.

The Police Department either through proactive patrol or call in complaints has had **9** ATV/GC/UTV related incidents. Three of them were juvenile's on Golf Carts and they were followed home and their parents advised. Officers have witnessed or have received 2 complaints of reckless ATV use in the city but were unable to locate the offenders.

Council will notice in the stats for this month that traffic stops are down 60%. This is due to the Covid-19 Pandemic. Officers at the start of the Pandemic state wide were encouraged to limit exposure to only necessary emergent contacts. Officers were encouraged to still be highly visible, but only stop the most serious offenses. After about two weeks and the extent of our local contagion was learned, we started to ramp back up traffic enforcement. Statistics state wide has indicated a huge spike in traffic related accidents and death believed to be brought on by the advertisement in the media of the reduction in enforcement. Officers have been advised to increase visibility in our area and use precautions when performing traffic stops.

Officer Brentan Carkhuff has passed his first of three phases of training. He is now on Phase Two with Ofc Gareis. Ofc Carkhuff continues to impress and is right on his training schedule, which may end in July. Ofc Carkhuff will assume the night shift slot of the patrol schedule once field training is complete.

Chief Juell has completed his goal of securing all essential and non-essential staff reusable/cleanable PPE. The Police Department and Fire Department all have reusable/cleanable Face Shields, Face masks, Gloves, and Gowns. This was sourced through many different avenues and partnerships and donations from companies such as RZ Mask out of Burnsville. We all feel very fortunate to be in this position when so many others are not.

The Police Department continues on its current Covid protocols for responding to medicals and calls. A decision will be made at a later and appropriate time to resume the "New Normal" operations and guidelines.

The Police Department has not taken any new calls from citizens with concerns since the opening up of the Public Play Grounds in the parks. General Covid related calls have gone almost completely away in the last two weeks.

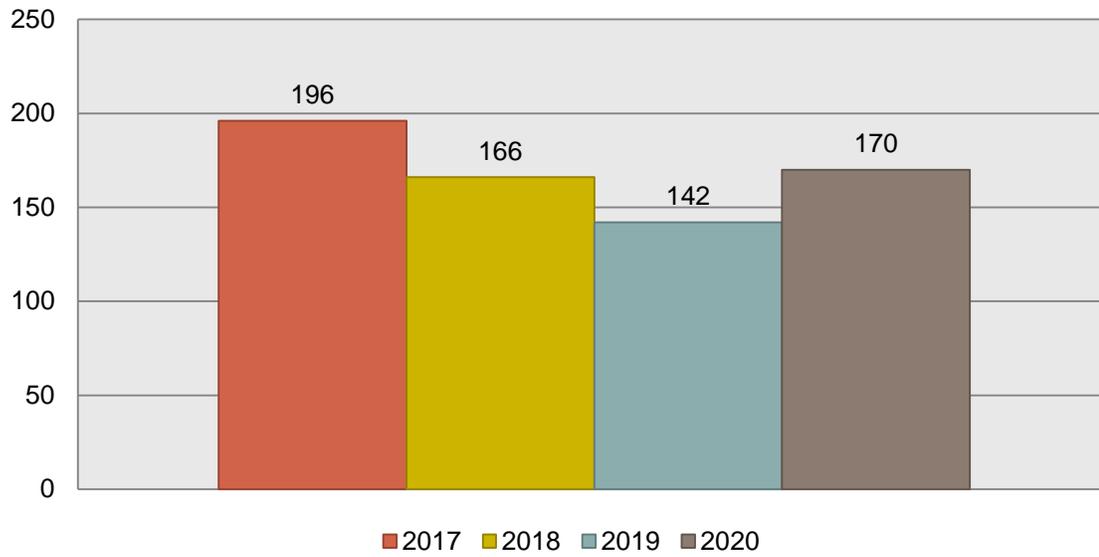
Due to the Covid situation, Chief Juell has done several private home visits with children and their families to celebrate their birthdays. With parties all but being eliminated, this is providing a little excitement from the children to make the day a little brighter. The squad car is disinfected before and after the visits and the parents couldn't be happier to have that interaction take place when so much has been eliminated.



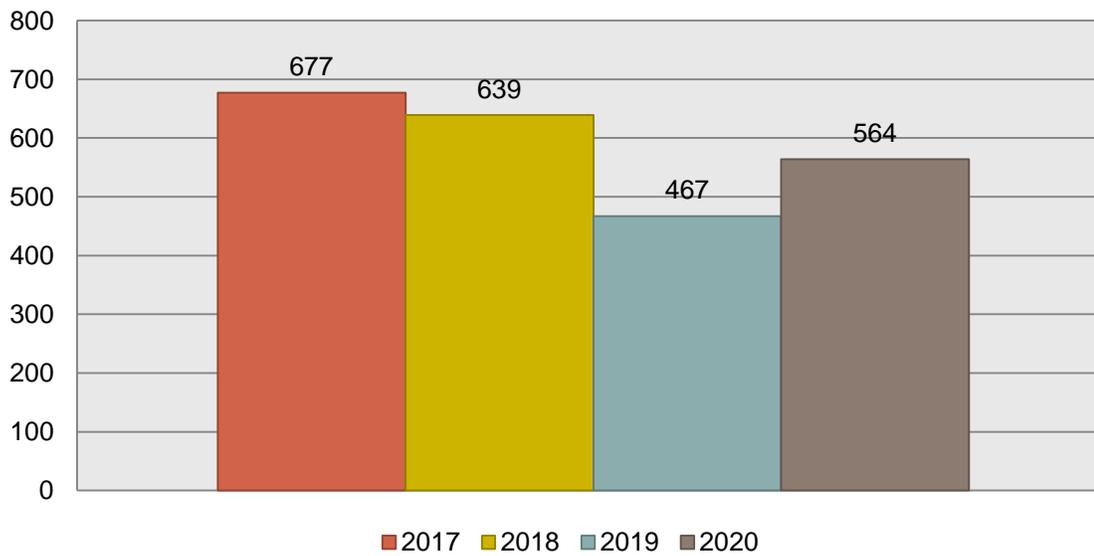
STATISTICAL INFORMATION – April, 2020

0	Burglary
2	Fire Calls
25	Ordinance reports
0	Property Damage
2	Motor vehicle crash/Accident
2	Noise/nuisance complaints
3	Public Assists
2	Motorist Assist
6	Community Engagement
0	Hazards
1	DWI
23	Administration (Rec. Fire Permits, Records checks, etc.)
11	Suspicious persons/vehicles/activities
0	Crimes against family
2	Juvenile Complaints
0	Theft
1	Threats
11	Medicals
3	Alarms
3	Lock outs
15	Assists to other agencies (Agency Assists)
285	Extra Patrols
1	Traffic complaints

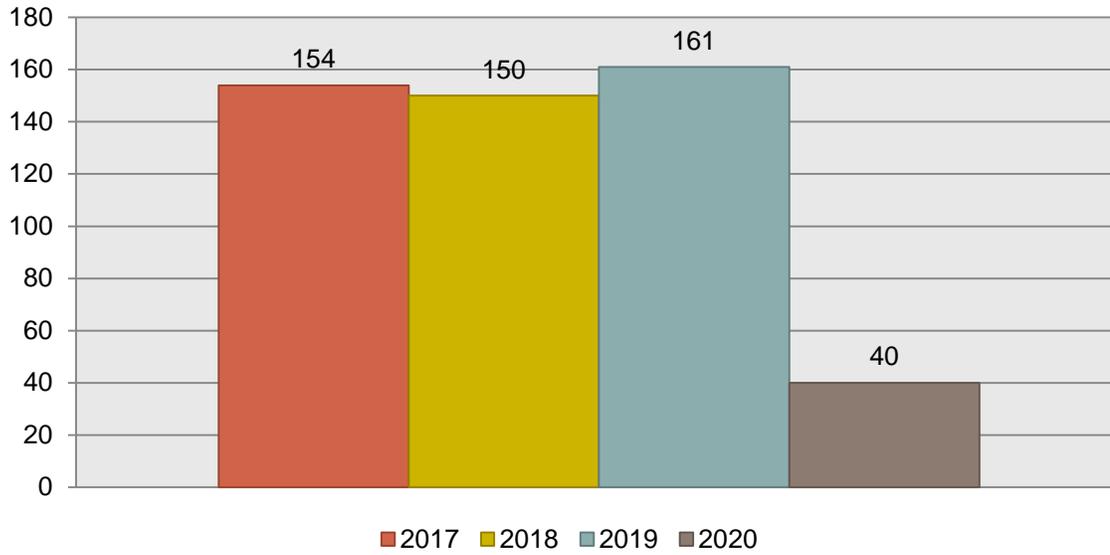
Calls for Service



Calls for Service YTD

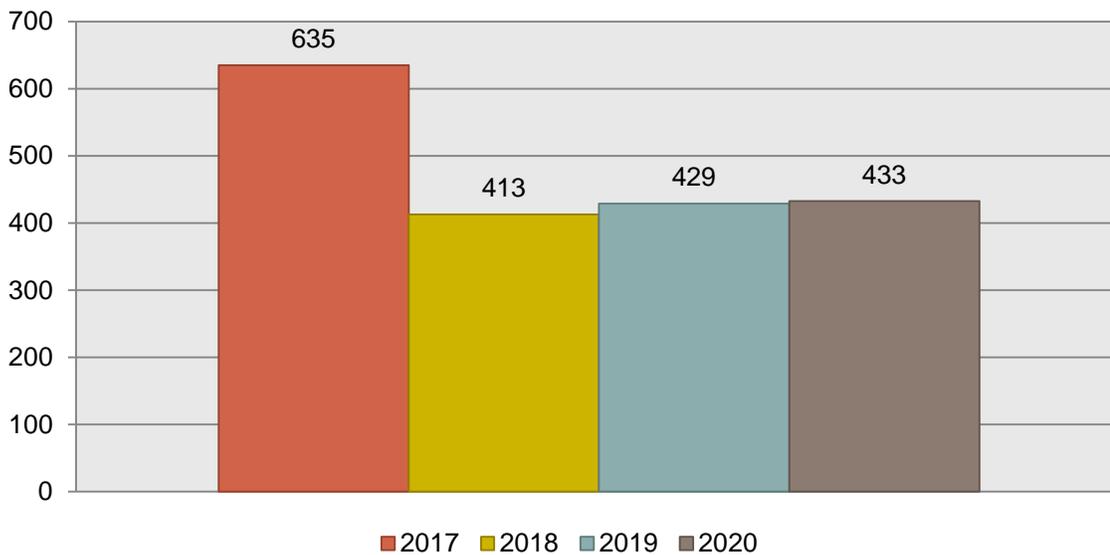


Traffic Stops

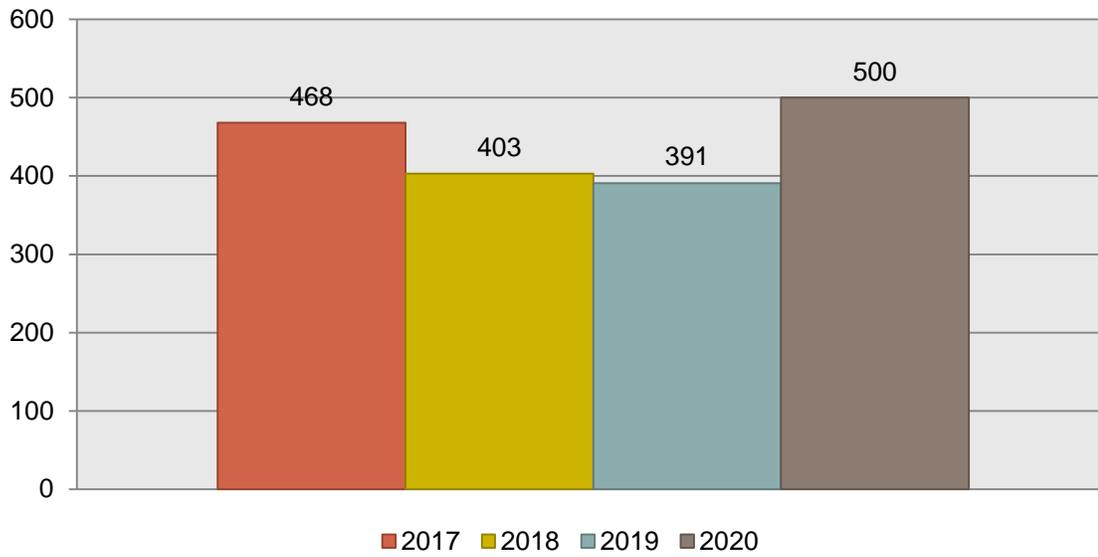


40 Traffic Stops were conducted in March, 2020. **24 verbal and written warnings** issued and **15 citations** issued for speed, expired registration, no proof of citations insurance/no insurance, careless driving, and driving after revocation. **0 Winter Parking Citations. 1 DWI.** (Traffic stops, warnings and citations will not equal out due to some violations a party is warned for one violation and cited for another.)

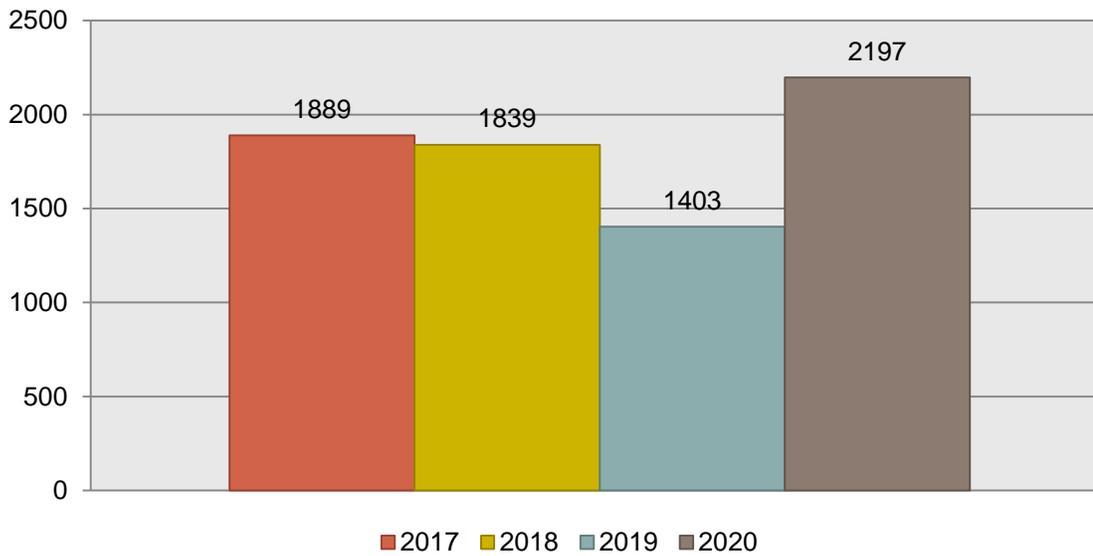
Traffic Stops YTD



Total Incidents Handled



Total Incidents Handled **YTD**



MINUTES
CITY OF ELKO NEW MARKET
PLANNING COMMISSION MEETING
April 28, 2020
7:00 PM

At the start of the meeting, Community Development Specialist Christianson read the following statement into the record: The City has determined it is not practical or prudent to conduct an in-person Planning Commission meeting due to the local state of emergency and social distancing guidelines implemented by Governor Walz. Accordingly, this meeting will be an electronic meeting and conducted under Minnesota Statutes section 13D.021. To the extent practical, members of the public may attend the meeting by utilizing the published link and call in information.

Christianson also stated that due to the electronic meeting format, the meeting would be largely led by City staff, as opposed to being led by the Chair, which is typical. She read allowed the meeting protocol as follows:

- The host will keep all participants muted until the public hearings are opened.
- The Planning Commission will not be muted.
- Staff will specifically solicit question or comments from the Commission and public at various points during each item. Please hold questions and comments until requested.
- If you wish to speak, please “Raise Your Hand” virtually.
- Staff will individually recognize those wishing to speak, and will invite you to speak and unmute your microphone. If you are not being recognized, provide an obvious visual indicator such as raising your hand or waving at the camera. Or, send an email to the Community Development Specialist at rchristianson@ci.enm.mn.us
- Your microphone will be re-muted after you have spoken.
- All votes will be by roll, called by Staff.

She explained for audience members participating in the meeting how to “raise their hand” to participate in the meeting on a PC, on a phone or tablet, or if one dialed in by phone. Introductions of the City’s Planning Commission, and City staff were made.

1. CALL TO ORDER

Commissioner Smith called the meeting of the Elko New Market Planning Commission to order at 7:08 p.m.

Commission members present: Smith, Humphrey, Kruckman, Hanson, Schuenke, and Ex-officio member Anderson

Members absent and excused: None

Staff Present: City Administrator Tom Terry, Community Development Specialist Renee Christianson, Planner Haley Sevening, City Engineer Rich Revering

2. PLEDGE OF ALLEGIANCE

Chairman Smith led the Planning Commission in the Pledge of Allegiance.

3. APPROVAL OF AGENDA

A motion was made by Kruckman and seconded by Humphrey to approve the agenda as submitted. Motion carried: (5-0).

4. APPOINTMENT OF CHAIR AND VICE-CHAIR

Christianson noted that the City Code requires that a Chair and Vice-Chair be appointed annually at the regular April meeting of the Planning Commission. Commissioners Humphrey and Kruckman both expressed an interest in being Chair of the Planning Commission for the upcoming year. It was moved by Hanson and seconded by Schuenke to appoint Kruckman as Chair for the upcoming year.

By Roll Call Vote:

Commissioner Hanson - Aye
Commissioner Humphrey – Nay
Commissioner Kruckman – Aye
Commissioner Schuenke – Aye
Commissioner Smith - Nay

Motion carried: (3-2)

It was moved by Kruckman and seconded by Smith to appoint Humphrey as Vice-Chair for the upcoming year.

By Roll Call Vote:

Commissioner Hanson - Aye
Commissioner Humphrey – Aye
Commissioner Kruckman – Aye
Commissioner Schuenke – Aye
Commissioner Smith - Aye

Motion carried: (5-0)

5. PUBLIC COMMENT

There was no public comment.

6. ANNOUNCEMENTS

A. Christianson introduced newly appointed Commissioner Bryce Schuenke who has been appointed by the City Council to a three-year term on the Commission. Schuenke also introduced himself and noted that he worked as a part-time police officer for the City of Elko New Market from 2011 to 2014. He spent five years in law enforcement, three years in management at Target, and is now a real estate agent with ReMax Advantage Plus. He was welcomed to the Commission.

7. APPROVAL OF MINUTES

- A. It was moved by Kruckman and seconded by Hanson to approve the minutes of the January 22, 2020 meeting as submitted.

By Roll Call Vote:

Commissioner Hanson - Aye
Commissioner Humphrey – Aye
Commissioner Kruckman – Aye
Commissioner Schuenke – Aye
Commissioner Smith - Aye

Motion carried: (5-0)

8. PUBLIC HEARINGS

A. Consider Request for Rezoning and Preliminary Plat Approval of Ridgeview Estates – Timbercrest, LLC, applicant

Christianson presented the agenda item, which was a request for rezoning and preliminary plat approval of Ridgeview Estates, containing 29 lots on 9.75 gross acres. Christianson provided a history of the property, including previous concept plans reviewed by the City, and explained that the property was annexed into the City in 2018 when a previous developer was planning to develop the site. Christianson reviewed the 2030 Comprehensive Plan and explained that the property is guided to a Residential Mixed Use land use designation. She explained the purpose of the Residential Mixed Use land use category, to provide for lifecycle and affordable housing located near activity centers and transportation corridors, with 75% of the land area to be single-family detached homes, and 25% of the land area to be attached and multi-family housing. She reviewed the proposed development density of 3.23 units per net acre which is lower than the recommended density, but because other areas have developed at higher densities, the density has balanced throughout the Residential Mixed Use land use category. She stated that single-family development being proposed on the site meets the intent of the guided land use for the area.

She explained that Block 1 is being proposed as R2 zoning and Blocks 2 & 3 are being proposed as R3 zoning. Christianson stated that all proposed lots meet the minimum size and width requirements for the respective zoning districts, and the applicant has demonstrated that the building pads on the proposed lots can meet the minimum front, side, rear and wetland setback requirements. She explained that the applicant was asked to provide additional information regarding the building pad on proposed Lot 4 Block 3 to ensure a home can be constructed within setbacks. This information has been provided to the satisfaction of City staff.

Christianson stated that the developer has indicated that the homes within the development will range from approximately 1,300 to 2,500 square feet and he is aiming for a mid-\$300,000 price range. It was noted that there will be multiple builders within the development. Sixteen of the lots have been designed for walk-out homes, six for look-out homes, and six for full-basement homes. Christianson also reviewed the market values of

the homes in the adjacent Whispering Creek development, stating that based on the assessed value, the average market value is \$242,367 and the median market value is \$239,500.

Reviewed in detail were the landscaping requirements for the development and tree preservation requirements. Christianson explained that the proposed development meets the tree preservation requirements, but that the landscape plan must be amended to meet the requirement that two or more rows of landscape screening be required for the lots adjacent to CSAH 2.

Easement are being proposed as required by City Code. It was noted that a conservation easement is required for the wetland buffer area in Block 3, and a trail easement is being requested by the Parks Commission between Lots 2 & 3 Block 1.

Christianson gave an overview of the proposed water, sanitary sewer, and stormsewer infrastructure within the development, and reviewed the drainage areas pre and post development. She noted that the City is aware of concerns regarding drainage from the subject property inundating back yards in the Whispering Creek development, and that the grading plan proposes to divert all of this drainage into a swale which will lead to a stormwater pond. The wetland on the south side of the property was reviewed, noting that the wetland and required 40' buffer area will be protected by combination of an outlot and conservation easement which will be dedicated to the City.

Christianson reviewed transportation and access issues, stating that the existing residential driveway in to the site must be removed, and that Scott County will not allow access to the development from CSAH 2 due to their adopted access spacing requirements. Access will be provided by the extension of the existing Park Street. All streets in the development will be 28' in width with B618 curbing and a temporary cul-de-sac is required at the west end of proposed Street A.

The final item reviewed was the location of proposed parks and trails within and surrounding the development. Christianson reviewed the Comprehensive Park and Trail Plan adopted by the City, and stated that because of the close proximity of Wagner Park, the Parks Commission is recommending that the City accept cash-in-lieu of land dedication. The location of proposed sidewalks and future trails were also reviewed.

Christianson stated that following a detailed review of the proposed plans and adopted City ordinances, staff is supporting the request for rezoning and preliminary plat approval of the property. Also reviewed were 14 conditions being recommended by staff. She explained that a public hearing would be opened and explained the process for public comment and participation based on the virtual meeting format. Christianson then opened the public hearing at 8:01 p.m. She stated that the City had received formal comments via email prior to the meeting. All comments received by 4:30 p.m. on April 28, 2020 were read into the record as follows:

Jason Grimm, 346 Wagner Way, submitted the following email comments: In regards to the public hearing tomorrow evening surrounding the rezoning of #R1-

2020 and Request for Preliminary Plat approval, I would like a few questions answered or addressed during this meeting. Some Questions I currently have are:

- Are there currently lot size requirements for new builds? Have there been changes in the past to this? These lot sizes are considerably smaller to most in Elko New Market and certainly smaller than the neighboring development and every other development in the past 20 years. Why is this different now? Appears they are really trying to cram more homes into this area than perhaps will allow to stay uniform with the rest of the city.
- What type of homes are proposed for these lots? Due to the small size of the lots how close are these home going to be together? How Close Easements to front and rear of property as well? How tall are the proposed structures for these properties? Any plans and/or examples available?
- Are there any proposed Drainage plans for the proposed plan. What is the plan with addressing water run off?
- Access to neighborhood, Appears there is only currently One access point into this area? Assuming Access from Cty rd. 2 is not permitted by county, what is the plan for traffic? What is the plan for existing roads for access as they are already in need of repair? Plans for repair after developed? For EMS safety (Fire) is there requirements for turnaround or exit?

Jason & Pat Lamont, 245 Park Street, submitted the following email comments:

- We can't make out exactly where the outlet or outlets are going to be in the proposed development plan that was sent to us. We believe it is Park St. If that is the case, we have concerns about the additional traffic coming through a development that is home to many young children so this creates a safety issue for Wagner Park.
- Describe what Residential (R2) and Medium Density Residential (R3) means?
- Also, how will this affect our taxes? Will there be additional police needed? Will sidewalks be needed as a safety for the kids? Where is the construction road going to be? We sure do not want it on Park St so that has to be replaced on our expense. We also do not want to pay for sidewalks that we have done fine without. The people making money off of this development should be responsible for putting money into an escrow account to cover things as mentioned.
- Why the rush? Something this important to your current residents should be dealt with on a face to face meeting not virtually.
- In preparing for this virtual meeting, how many residents of the Wagner First Addition were copied the documents pertaining to the Notice of the Public Hearing for Ridgeview Estates? There seems to be confusion about this matter.

Doyle & Katie Hanson, 361 Park Street, submitted the following email comments:

- While we learn more about the proposed new development, will citizens be able to ask questions by computer or phone during the meeting?
- Why the closure of the access to Hwy 2 when there is already an access point there? I saw on a Facebook message reply from the city that the county only

allows one local street access per quarter mile, but heading east into town on Hwy 2 from Dakota Ave., Todd St. is less than a quarter mile.

- How many additional vehicles per day does the city expect will be traveling on Park St. and Dakota Ave. during construction and when the development is complete and new residents have moved in?
- How are you going to accommodate the extra traffic on Park St. and Dakota Ave, especially if you close down the Hwy 2 access? I think of how fast cars speed up on Knights Rd. when we are attempting to cross the street when we are going for a walk. So many families use Park St. to get to Wagner Park.
- I feel leaving the access to Hwy 2 will better sell the homes that are the end of the development, instead of the cars having to turn down 3 roads they just have to turn into their own development.
- In the reply Facebook message the city claimed that no access to Hwy 2 is a short-term problem, but the property next to the proposed site is owned privately as is the following one and that may continue for many years.
- Why were so few of those affected by the new construction notified with a letter? Only a handful of houses on Park St were notified, no one down Dakota Ave.
- Would the Hwy 2 access be closed during construction? All of the construction vehicles going down Dakota Ave. and Park St. would damage the road, who would pay for that to be fixed?
- Has a consideration been made about keeping the access to Hwy 2 open, from the new development, moving the speed limit signs a quarter mile to the west, and adding a crosswalk.
- That way the new residents to this development can cross Hwy 2 safely to access the local businesses across the road?

Christianson noted that a number of the questions submitted and read into the record were addressed as part of City's staff's presentation. She then called upon City Engineer Rich Revering to address engineering related items. Revering provided explanations regarding the following items:

- The City regularly assesses the condition of streets, and based on the most recent assessments, both Dakota Avenue and Park Street have been identified as in need of a mill and overlay within the next few year, regardless of the proposed development and associated traffic. Both streets are approximately 20 years old. The mill and overlay will extend the pavement life and will delay the need for a full road reconstruction.
- The building and regular traffic associated with twenty-nine homes will not have a significant impact on the surrounding streets.
- The increase in traffic associated with Ridgeview Estates is anticipated to be 300 cars per day or less, which is considered fairly low traffic.

Christianson responded to additional questions as follows:

- There will be additional City services needed to serve the development; the costs of which will be offset by the increased property tax revenue received by the City as a result of the development.

- The City Council does have a goal of providing 24/7 police coverage which is not currently occurring. The Scott County Sheriff's Department provides service when City officers are not available. The City Council is committed to adding additional police officers when the call volume demands it. The proposed twenty-nine lots are not expected to create the call volume that would create the need for an additional police officer at this time.
- Regarding the question of why is the application being rushed through, state law requires Cities to process land use applications within sixty days. The project hearing has already been delayed once due to the Governor's stay-at-home orders. The application cannot be delayed indefinitely as it is unknown when the stay-at-home orders may be lifted.

Planner Sevening then called up on Adam Wolf to address the Commission. Adam Wolf, 138 Dakota Avenue, asked how long the construction of the development was anticipated to take and when the construction would occur. Developer representative Tom Wolter stated that the development construction would take approximately three months to complete and the home construction would take approximately two years to complete. Wolf also asked about the proposed zoning districts and if multi-family housing was proposed. Wolter stated that all the development is proposed for only single-family detached homes, and that his company likes to develop lots that are 65' wide, which allows for a 50' wide building pad, and this is common throughout the Twin Cities. Wolf also asked for confirmation regarding the mill and overlay of existing area streets within the next few years regardless of the development. City Engineer Revering responded, that it is the City's intention to complete the improvement in approximately 2023 regardless of the Ridgeview Estates development. Revering explained the projected traffic from the proposed development, stating that 300 cars per day or less is expected, which is a national average. From a road design standpoint, the additional traffic is not expected to have a significant impact on the adjoining streets.

Sevening then called upon Matt and Aerial Bromelkamp to address the Commission. Matt Bromelkamp, 352 Wagner Way, stated that an additional 300 vehicles per day seems like a lot to a resident living in the adjacent development. Matt also asked if a variance could be requested from Scott County to allow access to the development from CSAH 2. He also asked for clarification on the location of Outlot B, and asked for clarification on timing of construction. Christianson displayed a drawing of the current proposal showing the location of Outlot B located on the southeast side of the site. Christianson explained that pending City Council approval, the developer could start grading in early to mid-summer, and that the developer needs to receive final plat approval from the City Council before infrastructure (sewer, water, stormsewer) can be installed. Developer Tom Wolter stated that there are currently supply chain issues that could affect timing of the development construction. He stated that he does not know a proposed start date yet; it could be as early as mid-summer or as late as spring of 2021. Finally, Christianson stated that it is not possible to obtain a permanent access to CSAH 2. Matt Bromelkamp asked if there was a forum for residents to contact Scott County regarding the access issues; Christianson stated County contact information could be provided to interested parties.

Sevening then called upon Jason and Pat Lamont to address the Commission. Jason Lamont, 245 Park Street, asked who was individually notified of the hearing. He stated that

people living along Dakota Avenue would be affected by the additional 300 vehicles per day but not all received a mailing from the City. Pat Lamont asked about future access points onto CSAH 2. Jason Lamont suggested that the development be delayed until additional access to CSAH 2 could be provided. Christianson explained the process for notification of public hearings and stated the City mails individual notices to only those property owners required under state law, and that public participation is solicited through additional methods such as newspaper ads and social media. Christianson stated that in regards to delaying the development until there is additional access to CSAH 2, the City cannot deny a development application that meets the criteria of adopted City ordinances and long range plans. Pat Lamont asked if the proposed development would help pay for the improvement of Park Street and Dakota Avenue since they will be using the existing streets to access the development. City Engineer Revering explained the City's method for funding roadway improvements, stating that approximately 60% of the cost is paid by the overall community so the lots in the proposed development, through property taxes, will be participating in the improvement cost. Jason Lamont asked when the item would be scheduled before the City Council for final approval. City Administrator Terry stated that the item would be scheduled for consideration by the City Council on May 28th, and noted that the official public hearing is being held before the Planning Commission. He stated that the City Council may choose to take additional comment at the City Council meeting, but asked that anybody wishing to address the City Council regarding the plat inform staff ahead of time so that the mayor is aware of individuals that may want to address the Council.

Sevning then called upon Brian to address the Commission. Brian and Carol Witte, 357 Park Street, asked about the timing of sidewalk construction along Park Street leading to Wagner Park. He also asked if the development would provide a positive impact to the current water and sewer rates of the City. City Engineer Revering responded and stated that additional users on the system will be helpful in sharing the overall costs. He also stated that a sidewalk along Park Street is a future project that the City hopes to complete as opportunities arise, but the sidewalk is not part of the proposed development project. Revering explained that proposed sidewalk would be best located on the north side of Park Street because there are fewer driveways to cross. Brian Witte suggested that the City might want to consider constructing the sidewalk at this time due to the large number of children within the development.

Sevning then called upon Laura Ellingson to address the Commission. Laura Ellingson, 129 Dakota Avenue, stated that she was disappointed she did not receive a mailed notice regarding the proposed development and she did not see anything about the hearing on social media. She suggested that the speed limit on CSAH 2 be changed to 35 mph beginning at Idaho Avenue. City Engineer Revering explained the process for establishing speed limits on streets, stating that speed limits are established by the Commissioner of Transportation based on the results of speed studies determining actual speeds being driven on a roadway. Revering explained that the speed limits on CSAH 2 were established by a speed study that determined the actual speeds being driven and that the City cannot change the speed limits. Ellingson stated for the record that she was notified by a neighbor of the hearing. She stated that she is not opposed to the development but she is concerned that people affected by the development were not individually notified.

Sevening invited Adam Wolf to address the Commission. Adam Wolf, 138 Dakota Avenue, asked if the City would consider speed bumps on area roadways. City Engineer Revering stated that the City would no longer endorse the use of speed bumps because of the maintenance problems and that they have been determined to be ineffective for reducing speeds. The City now endorses alternatives such as narrowing street widths, landscaping, and lighting, to influence speeds.

Sevening made a final call for public comments, and with no further public comments, Christianson closed the public hearing at 9:01 p.m.

The Planning Commission and City staff then offered the following discussion:

- Commissioner Smith stated the he liked that the developer could use the CSAH 2 access to construct the development. He also liked proposed trail connection to the future CSAH 2 trail system and the trail along Park Street, but questioned whether the trail along Park Street should be on the south side or the north side. Revering stated that the trail along Park Street is being proposed as a sidewalk and that he suggested crossing Park Street at a proposed intersection. Smith suggested keeping the sidewalk on the north side of Park Street through the proposed development.
- Commissioner Schuenke asked the zoning and lot sizes in the existing adjacent development and proposed development. Christianson explained the zoning in the existing adjacent development is R1 with minimum 85' lot widths and 12,000 square foot lot sizes. Lots in the proposed development range from 65' to 70' wide, with minimum lot sizes ranging from 7,200 to 8,400 square feet. She explained that the Planning Commission reviewing minimum lot size requirements in 2017 and amended the City Code to allow smaller single-family lots in some areas. Schuenke stated that he liked the transition of lots sizes from the existing development to the new development. Schuenke also stated that he likes the proposed drainage improvements which will benefit the lots in Whispering Creek.
- Chairperson Kruckman asked about the minimum lot sizes and stated that she recalled, when reviewing the plan with a previous developer, that R2 zoning had been discussed. She asked why R3 zoning is now being considered. Christianson stated that the developer submitted the application as proposed, and when staff reviewed the application against the adopted Comprehensive Plan, and reviewed with the City Attorney, it was determined that the property is eligible to be rezoned to R3. The guided land use designation of Residential Mixed Use allows for multi-family development, which would allow for a R3 or R4 zoning. The City Attorney's opinion after reviewing the specific language stated in the Comprehensive Plan is that the property is eligible to be rezoned to R3 zoning. Kruckman stated concern about the possible visual impact between the homes in the two zoning districts, and she also asked about possible future development to the west. Christianson explained that the side setback requirement is the same in the R2 & R3 zoning districts so there will be at least 14' between the homes in both proposed districts. In the R3 district, homes can be 5' closer to the street than in the R2 district, which could have a traffic calming effect. She also explained that along the wetland the developer needs to construct the homes at the 25' front setback to meet the wetland setbacks. In regards to future development to the west, Christianson stated that the

draft 2040 Land Use Plan has the property to the west regulated to Low Density Residential which would not allow for R3 (medium density residential) zoning but would allow for R1 or R2 zoning.

- Commissioner Humphrey stated based on the current Comprehensive Plan, there could be more housing units developed on the subject property. He stated that the development as proposed will help the City meet its housing density requirements.
- Chairperson Kruckman asked about the height of the houses on proposed Block 1, and whether they might tower over the existing homes in the Whispering Creek development. Design Engineer, Eric Fagerberg with James R. Hill, stated the home elevations in Block 1 will be based off the elevation of the proposed street, and that he tried to set the homes as low as possible. Christianson reviewed the proposed grading plan, and pointed out the proposed walkout elevations of the homes and the elevations along the common property lines.
- Kruckman asked if the existing property owners could tie into the proposed drainage swale located along the east side of proposed Block 1. Fagerberg explained that because the swale is higher than the existing homes, they would not be able to utilize the drainage swale but it is intended to capture and divert drainage from the proposed development.
- Chairperson Kruckman asked if the homes in proposed Block 1 would be ramblers or two-story homes. Christianson stated both ramblers and two-story homes would be permitted. Kruckman also asked about the existing home in the development, and whether keeping the home would impact the value of the other homes in the development. Developer Tom Wolter stated that the existing home will be refurbished to look like a new home so it will fit in with the other homes in the new development. He also stated that the proposed home styles will be up to the builders in the development.

Following discussion by the Planning Commission, it was moved by Smith and seconded by Schuenke to recommend approval of the request for rezoning of proposed Block 1 to R2, and proposed Blocks 2 and 3 to R3 as shown in the preliminary plat drawing of Ridgeview Estates, to allow development of single-family lots for the following reasons:

1. The proposed use of the property for residential single residential family homes meets the intent of the guided land use for the area which is Residential Mixed Use.
2. Based on the Comprehensive Plan's land use guidance to Residential Mixed Use, the property is eligible to be rezoned to R2 and R3 zoning.
3. Development of the property as single family residential is compatible with the existing adjacent land uses.

Also included in the motion by Smith and seconded by Schuenke was a recommendation for preliminary plat approval of Ridgeview Estates, containing 29 single-family residential lots for the following reasons:

1. The proposed plat meets the requirements of the City's Comprehensive Plan, Zoning Ordinance, and Subdivision Ordinance.
2. The proposed lots meet the minimum lot size and width requirements for the respective R2 & R3 zoning districts.

3. The applicant has demonstrated that building pads on the proposed lots can meet the minimum front, side, and rear setback requirements.

And with the following conditions:

1. The applicant must enter into a Developer's Agreement with the City of Elko New Market as a condition of plat approval.
2. Approval is granted in accordance with Ridgeview Estates plan set dated April 16, 2020 containing 12 sheets, and subject to City staff comments as noted on the plan set and dated April 20, 2020; in accordance with the landscaping plan submitted April 22, 2020 containing 3 sheets, and subject to City staff comments noted on the plan set and dated April 23, 2020; and subject to City Engineer comments and conditions as stated in review memorandum dated March 13, 2020, version 3.
3. Lots in proposed Block 4 must meet the required structure-to-wetland setback of 40' for the R3 zoning district.
4. A conservation easement, covering the wetland buffer area in proposed Block 3, shall be granted to the City. The conservation easement may coincide with the drainage and utility easement on the southerly boundary of proposed Block 3.
5. The plans shall be revised to include a Signage and Lighting Plan, meeting the recommendation of the City Engineer. The sign plan must contain the following: a) Type III barricades and Future Street Extension signs at the west ends of Park Street and Street A; b) Wetland buffer sign markers along all lot lines at wetland buffer locations; c) a sign identifying a future trail will be located between proposed Lots 2 and 3 Block 1.
6. A temporary cul-de-sac is required at the west end of Street A. Temporary roadway easements may be required if the temporary cul-de-sac encroached into adjacent lots. The plans shall be revised to depict the required temporary cul-de-sac.
7. A permit will be needed from the MnDNR for any new stormwater outfalls. Pretreatment of stormwater is needed before stormwater is routed to the DNR Protected Wetland.
8. The existing residential driveway on the property shall be removed as a condition of the plat. Any temporary construction access at the existing residential driveway location requires the approval of Scott County. No construction access shall be permitted without an approved access permit through Scott County.
9. The existing well and septic system on the property shall be properly abandoned in accordance with State and County regulations.
10. A park dedication fee is recommended in lieu of land dedication.
11. A future trail location has been identified for the area between proposed Lots 2 & 3, Block 1, which will connect the sidewalk system within the plat to the future trail on the south side of CSAH 2. A public trail easement along this common lot line shall be dedicated to the City.
12. The developer shall contribute financially to the construction of a future trail along the south side of CSAH 2.
13. Curbing within the development must be B618 as required by City Code. The plans shall be amended to depict the B618 curbing.
14. The landscaping plan must be amended to meet the requirement for two or more rows of screening trees, to meet the requirements of Section 11-5-4(B)(1) of the City Code.

And noting that:

1. The applicant has depicted dedication of additional CSAH 2 right-of-way as requested by Scott County.
2. Drainage and utility easements have been provided throughout the plat as required by City Code.

By Roll Call Vote:

Commissioner Hanson – Unavailable during vote

Commissioner Humphrey – Aye

Commissioner Kruckman – Aye

Commissioner Schuenke – Aye

Commissioner Smith - Aye

Motion carried: (4-0)

B. Consider Proposed Zoning Ordinance Amendment – Administration and Enforcement

Planner Sevening presented the agenda item, which was proposed amendments to the City's Zoning Ordinance regarding the process for abatement procedures for public nuisances and enforcement of the zoning ordinance.

Sevening explained that based on the most citywide survey along with the number of complaints being received by City staff, there seems to be changing expectations in the community regarding the condition and maintenance of residential properties. Based on this, staff is planning to complete a citywide inspection and inventory of properties in the community in early May to determine compliance with City codes. Prior to completing the citywide inspection, staff has reviewed the City's ordinances regarding the processes for enforcement. Sevening explained the changes that are being recommended to Section 11-3 of the City code which will shorten and simplify the enforcement procedures and she reviewed the proposed changes.

Sevening explained that a public hearing is required to amend the zoning ordinance. Sevening opened the public hearing for consideration of the zoning ordinance amendments at 9:30 p.m. With no comments from the public, the hearing was closed at 9:31 p.m.

The Commission offered the following comments:

- Humphrey stated that he was very appreciative of simplification of City ordinances, and is supportive of the proposed amendment.

It was then moved by Hanson and seconded by Humphrey to recommend approval of the following:

- Delete Section 11-3-1 (I) of the existing City Code in its entirety
- Add Section 11-3-10 of the City Code containing the following language:

- A. Enforcing officer: This title shall be administered and enforced by the Zoning Administrator in accordance with its terms, who shall not permit any construction, use, or change of use that does not conform to this Title. The City Administrator shall designate the Zoning Administrator. The Zoning Administrator may designate such additional persons as may be necessary or convenient to assist in administering and enforcing this chapter.

- B. Duties of the Zoning Administrator: The Zoning Administrator's duties shall include the following:
 - 1. Determine that all building permits comply with the terms of this title;
 - 2. Conduct inspections of buildings and uses of land to determine compliance with the terms of this title;
 - 3. Maintain records of all zoning maps, amendments, conditional uses permits, variances, appeals, and other matters regulated by this title;
 - 4. Administer all applications under this title;
 - 5. Institute appropriate enforcement proceedings and actions against violators;
 - 6. Serve as staff advisor to the Planning Commission;
 - 7. Prepare reports and information for the Planning Commission and City Council, and may attend their meetings and participate in their hearings and discussions, but shall not vote on any item before the Planning Commission and City Council; and
 - 8. Perform such other functions as may be necessary to enforce and administer this title.

- C. In case any building, structure or land is, or is proposed to be, erected, constructed, reconstructed, altered, converted, maintained or used in violation of this title, the zoning administrator, in addition to other remedies, may institute in the name of the city, any appropriate action or proceeding to prevent, restrain, correct or abate such building structure or land, or to prevent, in or about such premises, any act, conduct, business or use constituting a violation.

By Roll Call Vote:

- Commissioner Hanson - Aye
- Commissioner Humphrey – Aye
- Commissioner Kruckman – Aye
- Commissioner Schuenke – Aye
- Commissioner Smith - Aye

Motion carried: (5-0)

9. GENERAL BUSINESS

A. Consider Grading Permit – R & F Properties

Christianson presented the agenda item, which is a request for grading permit for R & F properties, noting that the exact same permit had been applied for and issued approximately one year ago but the work was never completed. The owner is now reapplying for the exact same permit. She stated the property is currently home to the Elko Speedway and Ryan Contracting and zoned PUD which is a special zoning district that allows for a variety of specific uses. The owner is proposing to bring in fill to level off an area on the property. The area proposed for fill is currently designated as an overflow parking area in the approved PUD, and guided by the City's Comprehensive Plan to future residential uses. A site drawing was displayed showing the location of the proposed fill.

It was moved by Kruckman and seconded by Hanson to recommend approval of grading permit #G1-2020 to the City Council with the following conditions:

1. Approval is based on the grading plan containing 1 sheet, prepared by Probe Engineering, dated 4/10/19 and revised 4/16/19.
2. Approval is based on the Storm Water Pollution Prevention Plan containing 10 sheets, prepared by Probe Engineering, and dated 4/16/19.
3. The applicant shall comply with all recommendations of the City Engineer, and conditions contained in his review memorandum dated April 22, 2019.
4. The applicant shall enter into a Grading Authorization Permit with the City.
5. Fill shall be stockpiled until it can be equally spread over the entire overflow area, so the required overflow parking area is maintained.
6. All access to the site for purposes of filling and grading shall be via France Avenue through the R & F Properties property. No access to the site shall occur on Whispering Hills Lane.
7. Fill shall be leveled and the site shall be fully stabilized by the end of the construction season, 2020.
8. The permit shall be granted for a period not to exceed one-year in length.

And noting the following:

1. The City's Comprehensive Plan depicts a future extension of Whispering Hills Lane, easterly, into the area proposed to be filled to eventually connect with France Avenue / Main Street. Future extension of the roadway will likely require removal or moving of some of the proposed fill at applicant / developer's expense.

Commissioner Schuenke asked what the property has been used for in the past and what the future plans are for the property. Christianson explained that the uses on the site have evolved over time; at one time the area was utilized as a motocross track, and it is currently used for parking of construction equipment for Ryan Contracting and overflow parking for Elko Speedway. Schuenke expressed concern over the use of the area, as at times the area is heavily lit up which causes concern for the residents. Christianson and Terry explained that the overflow parking and construction parking is already permitted by the land use approvals

and that bringing in fill on the site will not change that. Also noted was that the City Engineer has recommended approval of the grading plan.

After discussion there was a roll call vote on the motion:

Commissioner Hanson - Aye
Commissioner Humphrey – Aye
Commissioner Kruckman – Aye
Commissioner Schuenke – Aye
Commissioner Smith - Aye

Motion carried: (5-0)

10. MISCELLANEOUS

A. Tip of the Month – Meeting Conduct on Video

Christianson stated that Planning Commission meetings going forward will be videotaped and posted to the City's website, so miscellaneous tips regarding meeting conduct on video had been provided to the Planning Commission in a memorandum.

B. Roundabout Update

Scott County has awarded the construction contract for the CSAH 2 & 91 roundabout to local contractor Ryan Contracting. The original construction schedule is being moved up because of the decrease in overall traffic and elimination of school bus traffic through the intersection as a result of the Governor's stay-at-home orders. The intersection could close as early as May 18th and reopen in late July, all dependent upon weather conditions.

C. Police Department / City Campus Update

The City Council has authorized an addition onto city hall for police department office and garage space. The construction contract has been awarded to Greystone Construction from Shakopee. Information was also provided regarding the City master campus plan, which was adopted by the City in 2008 and used as a guiding document of the City. The plan identifies the area around the current city hall / fire station as the ultimate campus for police, fire, city offices, and possible community center locations.

D. Community Development Updates & Reports

A memorandum containing updates was included in the Planning Commission packet.

E. Planning Commission Questions and Comments

Commissioner Smith asked for additional information regarding the City cost for the roundabout. Additional detailed cost information will be included in the next Planning Commission packet.

Commissioner Smith asked about the delay in construction in Christmas Pines. Administrator Terry stated that the builder indicated there are some supply chain issues occurring, which is causing a delay.

11. ADJOURNMENT

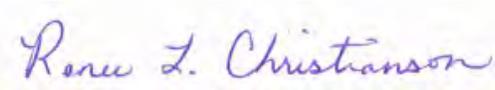
It was moved by Humphrey and seconded by Anderson to adjourn the meeting at 9:56 p.m.

By Roll Call Vote:

- Commissioner Hanson - Aye
- Commissioner Humphrey – Aye
- Commissioner Kruckman – Aye
- Commissioner Schuenke – Aye
- Commissioner Smith – Aye

Motion carried: (5-0)

Submitted by:



Renee Christianson
Community Development Specialist

ENM Parks Commission Update

April 30, 2020

1. As you know, the City received a \$10,000 grant from the Twins to assist in the relocation of Rowena Pond Park T-Ball Diamond. City Council accepted the grant at their April 9th Meeting and I sent in the signed grant agreement the following day. The relocation of the ballfield will get underway on May 1st with grading and placement of drain tile. The 3 affected property owners have been notified.
2. Speaking of the Twins, I've been posting Parks Commission updates on programs and projects on Facebook for the past couple of weeks. Here's one on the Twins Clinic and a link for baseball related activities for kids: "It's baseball season! Even though there are no games yet, the City is pleased to announce that for 7th time in 8 years, the Elko Express and Parks Commission have been selected by the Minnesota Twins as a host for a 2020 Play Ball Minnesota Youth Baseball Clinic! The date this year will be Saturday, July 18th at Fredrickson Field – 6 to 9 years old start at 9 AM and 10 – 13 years old start at 10:30 AM. Mark it on your calendars! We are hopeful that we will be able to hold the event! Meanwhile, here's a link to the Twins website for baseball-oriented kid's activities to get you ready - <https://www.mlb.com/twins/fans/kids>"
3. Continuing with the baseball theme, the Registration Form for the 2020 Kids' Baseball/Softball season was due on 4/1/20. At this time, the 2020 season is on "hold" right now, so routine maintenance to the fields is all that is needed. The NM Baseball Association is hopeful that some part of the season can be played this year. On the plus side, the relocation of the ballfield at Rowena Pond Park is getting started 3 months early.
4. The City stopped accepting Wagner Park Shelter Rental Apps on Monday, March 23rd for 2020...Staff will be cancelling reserved dates with a month advance notice. Currently, all reservations have been cancelled thru May. The only use of the Wagner Parks Shelter is the Food Shelf Program, which has expanded to the 1st and 3rd Wednesdays of each month thru September due to increasing demand.
5. The Windrose 8th/Woodcrest Trail is back on track! I sent out letters to adjacent property owners notifying them that the work will get started on April 10th with brush clearance and leveling the trail for future paving. Public Works is now at work on the project.

6. I submitted the application for a free \$31,000 BCI Burke Playground Set, as part of their "Great Playground Giveaway". We will know by next week whether we were selected for the playground set.
7. Applications for the Recreational Specialist position closed on Friday, March 27th. There were 5 applications, so City Council was asked to revise the Minimum Requirements at their April 23rd Meeting in hopes of increasing the candidate "pool". They approved extending the deadline to Friday, May 8th at 4:30 PM.
8. As you know, the Parks Commission made a final decision at the November Meeting to accept the proposal from Webber Recreational Design, which included an Accelerator Swing and Ten Spin to replace an old swing set and balance beam at Old City Hall Park. The final cost for the 2 pieces was \$8,452.48. The city purchased the equipment prior to the end of 2019 to take advantage of the almost 30% discount on the equipment. The PW Department removed the old equipment recently, so the playground is now ready for the installation tentatively scheduled for the week of May 4th.
9. American Ramp Company, which built and installed the SkatePark equipment, and I had a Conference Call on Monday, April 13th to discuss options for additional pieces of equipment for the SkatePark. The noise issue has been satisfactorily resolved with new equipment, so plans to complete the upgrade can now be considered. I will have those options for you at our May 12th meeting.
10. On the Agenda for the April Parks Commission Meeting was the annual purchase of 100 Cubic Yards of Engineered Wood Fiber. I secured 4 written bids – Finnegan Playground Adventures (\$2,293.00); Safety First Playground Maintenance (\$2,095.00); Flagship Recreation (\$2,091.01); and Minnesota/Wisconsin Playground (\$1,799.00). The low bid was from Minnesota/Wisconsin Playground for \$1,799.00, which was approved by the Parks Commission. The wood fiber was delivered to the Public Works Maintenance Facility on Friday, April 17th. When a date is determined to reopen the playgrounds, it will be distributed to each playground. As you know, we work with area Boy Scouts and Girl Scouts on their projects. Right now, I am working with Ryan Huberty on his Eagle Scout project of upgrading the Wagner Park Flag Garden over the 4th of July Holiday; Sheridan Liggett on her Gold Award on building 3 "Little Libraries" in the City; and Addison Hermann and Amelia Death on their Silver Award on planting a Bee Garden this Summer. All 3 projects will add value to the

City parks. Here's the recent Facebook Post I wrote on the Bee Project: "As you continue to cope with the pandemic and at home schooling, the Parks Commission will offer you weekly links to the City's programs that allow to go more in depth with the organizations that we work with to bring you better parks. Last week, it was the Twins Community Foundation, this week we're buzzing about bees. After City Staff took a seminar at the University of Minnesota's Bee Lab last Summer, we learned about ways for the Parks Commission could promote the conservation, health, and diversity of bee pollinators in City parks. We are starting with planting a bee lawn this Fall at Pete's Hill Open Space to help increase the bee population. So...why is this important? Go to <https://www.beelab.umn.edu/bee-squad/bee-squad-programs> and learn how you can help support bees in your own backyard! Let us know what you do!"

11. The parks and trails remain open, while the playgrounds were closed on Friday, March 27th to residents. Staff will be evaluating reopening them on a regular basis.
12. The City Council extended the deadline for applying for the 2 vacant Parks Commission positions for a couple of more weeks in hopes of increasing the applicant "pool". Interviews were held on Friday, April 24th and recommendations will be made to the City Council at their meeting of May 14th.
13. On the May Parks Commission Agenda will be a proposal for doing playground assessments for 3 of our playgrounds – Woodcrest Park, Wagner Park, and Windrose Park – to make sure that they are in compliance with CPC and ASTM standards. The cost would be about \$1,500 for all 3.
14. I am tentatively scheduled to present the 2020 - 2025 Parks CIP to the City Council at their Thursday, May 14th meeting.
15. Then next Parks Commission Meeting will be on Tuesday, May 14th @ 4 PM. At this time, it is likely to be another Zoom Meeting, but depending on the outcome of the Governor's May 4th announcement on continuance of the "Stay at Home" order, it may be able to be held at City Hall. I'll send an email when I know for sure.