

**REGULAR ROSEAU CITY COUNCIL MEETING
MONDAY – SEPTEMBER 8, 2014 @ 5:00 P.M.
ROSEAU CITY CENTER COUNCIL CHAMBERS
121 Center Street East Suite 201
Roseau, MN 56751**

The Regular monthly meeting of the Roseau City Council was held on the above date, time and place. Members present were, Mayor Jeff Pelowski, Council members Pat Novacek, Curt Ireland, Linda Vatnsdal, and Don Ross. Absent none. Others present were Community Development Coordinator Todd Peterson, Superintendent David Drown, Chief of Police Ward Anderson, City Attorney Pat Moren, Assistant City Attorney Michelle Moren, Liquor Store Manager Linda Roseborough, City Treasurer Elizabeth Hellquist, Roseau County Commissioner Jack Swanson - WILD102 Radio, Richard Dick, and Darrin Smedsmo.

Mayor Jeff Pelowski called the meeting to order and the Pledge of Allegiance was said.

Council member Linda Vatnsdal motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to approve the August 4th, 2014 Regular meeting minutes.

Council member Linda Vatnsdal motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to approve the August 25th, 2014 Special Council & Regular Planning Commission meeting minutes.

Council member Don Ross motioned, Council member Curt Ireland seconded and it was carried by unanimous vote to approve the following Consent Agenda items:

1. Accounts payable claims from August 1st, 2014 through August 31st, 2014 as presented, with a batch number of AP083114 and is filed in edit books in the City Clerk's Office.
2. Daily Batch checks written from August 1st, 2014 through August 31st, 2014 were audited, approved and are filed in edit books in the City Clerk's Office.
3. Receipt entries July 1st, 2014 through July 31st, 2014 were audited, approved and are filed in edit books in the City Clerk's Office.
4. Journal entries batch JV063114 were audited, approved and are filed in edit books in the City Clerk's Office.
5. A review of June 2014 General Ledger checks written compared with check images on the bank statements found no irregularities.
6. Notices and Communications –
 - a. Upcoming scheduled meetings –
 - b. October 6th, 2014 Regular meeting at 5:00 p.m.
7. Approve the use of alcohol in the Community Center – none
8. Email from Jeanette Behr – Research Manager - Ensuring appropriate access to not public data.
9. CGMC in Brief.
10. Heatshare Program Agreement – Salvation Army.
11. Changes to Employee Handbook – Women's Economic Security Act.
12. Resignation of Janet Lundbohm, City Clerk
13. Investment-Roseau EDA Hi Fi as of 9/2/14 is \$230,293.07
14. Cash in bank-DNR Escrow as of 9/2/14 is \$2,000
15. Cash in bank-Regular checking as of 9/2/14 is \$2,297,210.54
16. Investment-Regular Hi Fi as of 9/2/14 is \$1,472,652.28
17. Investment-Certificate of Deposit as of 9/2/14 is \$768,941.21
18. Investment of Certificate of Deposit as of 9/2/14 is \$772,977.66.
19. Investment of Certificate of Deposit as of 9/2/14 is \$775,595.95.
20. Investment of Certificate of Deposit as of 9/2/14 is \$782,403.53.
21. Cash in bank - Airport Fuel Sales Credit Card as of 9/2/14 \$12,278.23.
22. Investment - Roseau EDA Money Market as of 9/2/14 is \$75,088.53.
23. Cash in bank - Pine to Prairie Birding Trail as of 9/2/14 is \$6,277.12.
24. Cash in bank - Scandinavian Festival as of 9/2/14 is \$2,563.12.

25. Cash in bank – Welcome to Roseau as of 9/2/14 is \$1,312.17.
26. Cash in bank - Roseau EDA as of 9/2/14 is \$584.00.
27. Ambassador Talking Points.
28. LMCIT – Regional meetings.
29. Code Red – Mobile App.
30. Liquor Store August 2014 monthly sales
31. August 2014 City Revenues & Expenditures.

Delegations/ Petitions/Complaints

Richard Dick appeared before the City Council to discuss issues related to land that he believes he owns that is being used as a public alley behind his house. Mr. Dick stated that nuisance vehicles were no longer an issue, but that the situation with the alley has evolved into an issue of clear title.

Mr. Dick presented Minnesota Statute 541.023 “Action Affecting Title to Real Estate,” to council. Mr. Dick feels that according to Minnesota Statute 541.023, the property abstract and the County Recorder’s office, the city has no claim against his land. Mr. Dick wishes to exercise his property rights as his neighbors, (Denny’s and Eastside Trailer Court), have done.

City Attorney Pat Moren reiterated the fact this alley has been dedicated as a public right of way as it has been allowed to be used by the public as an alley for more than six years. City Attorney cited several case laws supporting this. City Attorney Pat Moren recommended having the District Court rule on this matter.

City Council informed Mr. Dick that if he blocked the alley they would have to take action. Mr. Dick informed council it would be blocked.

After discussion, Council member Pat Novacek motioned to authorize City Attorney Pat Moren to take civil action, to file in civil court if no criminal action can be taken. Council member Pat Novacek amended his motion striking “if no criminal action can be taken”. Council member Linda Vatnsdal seconded the amended motion, and it was carried by unanimous vote to authorize City Attorney Pat Moren to take civil action, if Mr. Dick blocked the alley.

Committee Reports

Roseau Promotions – no new business

Planning Commission

Community Development Coordinator Todd Peterson presented council with a Petition for Amendment of Zoning Ordinance from Steven and Richard Dorwart. Steven and Richard Dorwart requested that property at 201 8th Ave NE/Sander’s/Brdt’s RYRU, BLK 1, Lots 7 & the East ½ of Lot 8, currently zoned commercial C-1, be changed to R-1 residential zoning.

The Planning Commission recommended Council consider and set a date for a Public hearing.

Council member Curt Ireland motioned, Council member Don Ross seconded, and it was carried by unanimous vote to set a public hearing date for September 29, 2014 for the Dorwart’s zoning request.

CDC Todd Peterson informed council that the mess on the Greg Herling property has gotten considerably worse. Criminal ticketing through the Roseau Police Department was not effective. Assistant City Attorney, Michelle Moren, recommended filing an abatement of nuisance as Mr. Herling is in violation of City Ordinance. Once the process is complete. The city would clean the property and assess expenses against the property through taxes. Council member Curt Ireland motioned, Council member Pat Novacek seconded, and it was carried by unanimous vote to authorize the City Attorney’s office to proceed with the abatement process.

CDC Todd Peterson informed Council that the Planning Commission is down a member and requested council appoint Bruce Stone.

Council member Pat Novacek motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to appoint Bruce Stone to the Planning Commission.

Roseau County Commissioner Jack Swanson reported on the following

- The development of a Public Health Nuisance Ordinance for the County.
- The county has a 2% increase on its preliminary levy. Roseau County’s finances are solid.

- Commissioner Swanson also informed council of a state wide committee of approximately two dozen people working to be emergency ready. They are evaluating the costs and how to pay for the services, 911, etc.

Operation Committee – no new business.

Oak Crest Golf Course

- Council member Don Ross reported that Oak Crest Golf Course had a good year.

Airport Committee

- CDC Todd Peterson reported the aircraft parking apron pavement seal coat is complete.
- Construction on the new aircraft storage hangar will begin once the FAA grant is issued.

Beautification Committee

Council member Linda Vatnsdal reported on the Beautification Committee and asked the council for city commitment. Three of the volunteers on that committee are tired. They have had no new volunteers of the last five or six years.

Council member Vatnsdal has been in contact with City Superintendent David Drown to discuss the issues with the flowers. Council member Vatnsdal recommended hiring a qualified gardener to supervise the students. The position, as it is now, is not worth it to a qualified person. The wages are too low and there not enough hours.

City Superintendent David Drown recommended making it into a bigger job throughout the year- not just the flowers but decorating for the different seasons and holidays.

Mayor Jeff Pelowski asked Council member Linda Vatnsdal to meet with the City Superintendent to come up with a three year plan. To figure what the flower maintenance is costing now and help build a budget.

EDA – Housing Update

Department Reports

Liquor Store- Nothing to report

Fire Department

- The Firemen’s Ball is at the end of the month
- The fire department is working on a grant – Grain Bin Rescue

Police Department

Police Chief Ward Anderson informed the City Council on the following.

- The bids have come in and the Tahoe is ordered.
- Police Chief Anderson informed council the BCA is having regional training for approximately forty-five people on December 2nd, 2014. Police Chief Anderson asked council if the Roseau Police Department could front the money for all of the supplies costing approximately \$1,300.00 The Roseau Police Department would then bill the other officers for reimbursement.

Council member Curt Ireland motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to authorize the Roseau Police Department to purchase the supplies for the BCA training and then bill the other officers.

Superintendent

City Superintendent David Drown informed council on the following:

- The old water tower is fixed and all but \$1,000.00 was covered by insurance.
- The Oak Crest West street project is wrapping up. Grass is seeded. One water leak is left to fix.
- The contract allowing Verizon to lease space on the water tower is under review.

City Attorney

Assistant City Attorney Michelle Moren, presented to council a memo from Kristy Kjos from the Law Offices of Patrick D. Moren. Assistant City Attorney Michelle Moren informed council E-charging criminal complaints would save time and minimize mistakes in transcribing criminal data.

The City of Roseau Police Department, the County Attorney's office, Warroad's Attorney's Office and Police Departments are all moving forward implementing the system.

Council would need to approve the cost of the fingerprint reader of approximately \$35.00 and software and a secure key device to log in, costing \$100.00 every 4 years, and \$15/month subscription for the software.

Council member Pat Novacek motioned, Council member Curt Ireland seconded, and it was carried by unanimous vote to approve the cost of implementing the E-charging system.

Community Development Coordinator

Community Development Coordinator Todd Peterson presented Council with Resolution #25-14

After discussion Council member Pat Novacek moved to adopt the following resolution:

R#25-14

Resolution Approving a Housing Program and Development agreement for a Project by Roseau Tamarac Place, LLC

RESOLUTION APPROVING A HOUSING PROGRAM AND DEVELOPMENT AGREEMENT FOR A PROJECT BY ROSEAU TAMARACK PLACE, LLC AND APPROVING THE ISSUANCE AND SALE OF MULTIFAMILY HOUSING DEVELOPMENT REVENUE NOTES, SERIES 2014 (ROSEAU TAMARACK PLACE, LLC PROJECT) IN THE MAXIMUM AMOUNT OF \$2,700,000 AND AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING THERETO

BE IT RESOLVED by the City Council (the "Council") of the City of Roseau, Minnesota (the "Issuer"), as follows:

Section 1. Definitions. The terms used herein, unless the context hereof requires otherwise, have the following meanings, and any other terms defined in the Loan Agreement (hereinafter defined) have the same meanings when used herein as assigned to them in the Loan Agreement unless the context or use thereof indicates another or differing meaning or intent:

- a. Act: Minnesota Statutes, Chapter 462C, as amended.
- b. Assignment Agreement: the Assignment Agreement to be entered into among the Issuer, the Borrower and the Lender, pursuant to which the Issuer pledges and grants a security interest in all of its rights, title, and interest in the Loan Agreement (except for the Unassigned Issuer's Rights) to the Lender.
- c. Assignment of Mortgage: the Assignment of Mortgage, pursuant to which the Issuer will assign its rights in the Mortgage to the Lender.
- d. Authorized Officers: the Mayor and Clerk of the Issuer or their designees.
- e. Bond Account: the account established with the Lender pursuant to Section 7 of this Resolution and from which will be paid principal of and interest on the Notes.
- f. Bond Counsel: the law firm of Fryberger, Buchanan, Smith & Frederick, P.A. or any other firm of nationally-recognized bond counsel.
- g. Borrower: Roseau Tamarack Place, LLC being (as represented to the Issuer), a Minnesota limited liability company, the corporate offices of which are located at 1105 3rd Avenue SW, Roseau, Minnesota.
- h. Code: the Internal Revenue Code of 1986, as amended.

- i. Council: the governing body of the Issuer.
- j. County: County of Roseau, Minnesota.
- k. Development Agreement: the Development Agreement to be entered into between the Issuer and the Borrower.
- l. Disbursing Agreement: the Disbursing Agreement to be entered into among the Borrower, the Lender and the Title Company, pursuant to which the parties hereto agree to certain conditions precedent to disbursement of proceeds of the Notes.
- m. Documents: the Development Agreement, the Loan Agreement, the Assignment Agreement, the Mortgage, the Regulatory Agreement, the Disbursing Agreement, the TIF Assignment, the Membership Assignment, the Assignment of Mortgage, and other documents required for the issuance of the Notes.
- n. Housing Program: the Multifamily Housing Development Program for the Project, approved by the Issuer on June 2, 2014.
- o. Issuer: the City of Roseau, Minnesota, a municipal corporation and political subdivision of the State.
- p. Issuer Documents: collectively, the Loan Agreement, the Regulatory Agreement, the Assignment Agreement, the Assignment of Mortgage, the TIF Assignment and the Development Agreement.
- q. Lender: Citizens State Bank of Roseau, in Roseau, Minnesota.
- r. Loan Agreement: the Loan Agreement to be entered into between the Issuer and the Borrower, pursuant to which the Borrower agrees to repay the loan made thereunder in specified amounts and at specified times sufficient to pay in full when due the principal of, premium, if any, and interest on the Notes.
- s. Membership Assignment: Assignment of Membership Interests, Capital Contributions and Credits between the Borrower and SCI Associates, LLC for the benefit of the Lender.
- t. Mortgage: the combination Mortgage, Security Agreement, Fixture Financing Statement and Assignment of Rents from the Borrower to the Issuer, pursuant to which the Borrower will secure its obligations with respect to the Notes under the Loan Agreement, including the payment of amounts due under the Loan Agreement, by granting to the Issuer a first mortgage interest in the property described therein.
- u. Notes: collectively, the Series A Note and the Series B Note.
- v. Project: the construction and equipping of a 40-unit multifamily apartment project located at 1105 3rd Avenue SW in the City of Roseau, Minnesota.

- w. Project Account: the account established with the Title Company pursuant to Section 10 of this Resolution into which will be advanced the proceeds of the Notes and from which will be paid the cost of the Project.
- x. Registrar: bond registrar and transfer agent for the Notes.
- y. Regulatory Agreement: the Regulatory Agreement to be entered into among the Issuer, the Borrower and the Lender, pursuant to which the Borrower agrees to keep the Project in compliance with the Code and State law.
- z. Series A Note: the Multifamily Housing Development Revenue Note, Series 2014A (Roseau Tamarack Place, LLC Project), dated as of the Closing Date, to be issued by the Issuer pursuant to the Resolution to evidence the loan of \$1,630,000 made by the Lender to the Issuer.
- aa. Series B Note: the Multifamily Housing Development Revenue Note, Series 2014B (Roseau Tamarack Place, LLC Project), dated as of the Closing Date, to be issued by the Issuer pursuant to the Resolution to evidence the loan of \$1,070,000 made by the Lender to the Issuer.
- bb. State: the State of Minnesota.
- cc. TIF Assignment: the Assignment of Tax Increment Financing and Subordination Agreement dated as of the Closing Date between the Borrower, the Lender and the Issuer.
- dd. Title Company: Tri-County Abstract and Title Guaranty

Section 2. Recitals.

- a. Bond Counsel has informed the Issuer that under the Act, the Issuer is authorized and empowered to issue revenue obligations to finance or refinance all or any part of the costs of the Housing Program.
- b. The Borrower has proposed that the maximum rents on 20% of the units will not exceed the Department of Housing and Urban Development area fair market rents; that not less than 40% of the units will be made available only for individuals or families whose income does not exceed 60% of area median income, adjusted for family size; and that the Project will not be restricted to persons who are 55 years of age or older.
- c. The Issuer has relied without independent investigation on written representations and opinions of the Borrower, its consultants and Bond Counsel that the Project qualifies as a “multifamily housing development” within the meaning of the Act.
- d. The Borrower has represented that the economic feasibility of the Project will be greatly enhanced through the issuance of revenue bonds by the Issuer.
- e. Bond Counsel, on behalf of the Issuer, has delivered a written copy of the Housing Program to the Northwest Regional Development Commission, with an opportunity to review and comment on the Program. No comments on the Housing Program were received by the Issuer.
- f. The Issuer has, after due notice and publication thereof, on June 2, 2014, held public hearings on the Housing Program and the Project and the financing thereof, and persons in attendance wishing to speak on the Housing Program and the Project and financing thereof were given an opportunity to do so at the hearing.

g. Drafts of the Housing Program, the Note, and the Documents have been made available to this Council and are on file in the office of the Community Development Coordinator:

Section 3. Findings. The Council has heretofore determined, and does hereby determine, as follows:

a. the financing provided under the Notes is intended to, and will in the judgment of the Council, promote the public welfare by assisting in providing adequate rental housing for low and moderate income persons and families within the meaning of the Act;

b. based on representations of the Borrower, the amount estimated to be necessary to finance the Project Costs will require the issuance of the Notes in the principal amount of \$2,700,000 as hereinafter provided;

c. it is desirable, feasible and consistent with the objects and purposes of the Act to issue the Notes, for the purpose of financing the Project; and

d. the Notes and the interest accruing thereon do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness and do not constitute or give rise to a pecuniary liability or a charge against the general credit or taxing powers of the Issuer and neither the full faith and credit nor the taxing powers of the Issuer, are pledged for the payment of the Notes or interest thereon.

Section 4. The Notes.

a. In order to provide for the financing of the Project, the Issuer determines, based on representations of the Borrower, that the offer of the Lender to purchase the Notes in an original principal amount of not to exceed \$2,700,000, at an interest rate of not to exceed 4.50% per annum, maturing in the years and amounts, subject to redemption, subject to adjustment, and upon the terms and conditions hereafter specified and specified in the Notes is reasonable and is accepted. The Issuer will loan the proceeds of the Notes to the Borrower in order to finance the Project.

b. The Loan Repayments to be made by the Borrower under the Loan Agreement are fixed to produce revenue sufficient to provide for the prompt payment of principal of, premium, if any, and interest on the Notes when due, and the Loan Agreement also provides that the Borrower is required to pay all expenses of the operation and maintenance of the Project, including, but without limitation, adequate insurance thereon and insurance against all liability for injury to persons or property arising from the operation thereof, and all lawfully imposed taxes and special assessments levied upon or with respect to the Project and payable during the term of the Loan Agreement.

c. After the adoption of this Resolution, but prior to the issuance and delivery of the Notes to the Lender, the original aggregate principal amounts of the Notes, the maturity dates of the Notes, the principal amounts of the Notes due on each payment dates, the interest rates of the Notes prior to the first Adjustment Date (as defined in the Notes), the date of the documents referenced in this Resolution and the Notes, and the terms of redemption of the Notes may be established or modified with the approval of the Authorized Officers; provided that the aggregate principal amount of the Notes and the interest rates of the Notes may not be increased from the amounts set forth in this Resolution.

Section 5. Approval and Execution of Documents.

a. The Housing Program is approved.

b. The Issuer Documents and the Notes are hereby made a part of this Resolution as though fully set forth herein and are hereby approved in substantially the forms on file with the Issuer, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution, and in accordance with the further provisions hereof as may be necessary and appropriate and approved by Bond Counsel and the Borrower

prior to the execution thereof. The Authorized Officers are authorized and directed to execute, acknowledge, and deliver the Issuer Documents on behalf of the Issuer with such changes, insertions, and omissions therein as the Issuer's attorney may hereafter deem appropriate, such execution by the Authorized Officers to be conclusive evidence of approval of such documents in accordance with the terms hereof.

c. The Notes shall be executed on behalf of the Issuer by the signatures of its Authorized Officers. The seal of the Issuer may be omitted as allowed by law. In case any officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. In the event of the absence or disability of an Authorized Officers such officers of the Issuer as may act in their behalf, shall without further act or authorization of the Council execute and deliver the Notes.

d. The Authorized Officers are authorized and directed to execute and deliver all other documents which may be required under the terms of the Issuer Documents or the Notes or by Bond Counsel, and to take such other action as may be required or deemed appropriate for the performance of the duties imposed thereby to carry out the purposes thereof.

e. The Authorized Officers and other officers of the Issuer are authorized to furnish certified copies of this Resolution and all proceedings and records of the Issuer relating to the Notes, and such other affidavits and certificates as may be required to show the facts relating to the Issuer respecting the Notes, as such facts appear from the books and records in the Issuer's custody and control or as otherwise known to them; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the Issuer as to the truth of all statements contained therein.

f. If for any reason the Authorized Officers or any other officers, employees, or agents of the Issuer authorized to execute certificates, instruments, or other written documents on behalf of the Issuer shall for any reason cease to be an officer, employee, or agent of the Issuer after the execution by such person of any certificate, instrument, or other written document, such fact shall not affect the validity or enforceability of such certificate, instrument, or other written document.

g. If for any reason the Authorized Officers or any other officers, employees, or agents of the Issuer authorized to execute certificates, instruments, or other written documents on behalf of the Issuer shall be unavailable to execute such certificates, instruments, or other written documents for any reason, such certificates, instruments, or other written documents may be executed by a deputy or assistant to such officer, or by such other officer of the Issuer as in the opinion of the Issuer's attorney is authorized to sign such document and do all things and execute all instruments and documents required to be done or executed by such officers, with full force and effect, which executions or acts shall be valid and binding on the Issuer.

Section 6. Registration.

a. *Registered Form.* The Notes shall be issued only in fully registered form. The Notes shall be numbered R-1 and upward in denominations specified by the Lender.

b. *Registration, Transfer and Exchange.* The Issuer appoints the Treasurer as Registrar. The effect of registration and the rights and duties of the Issuer with respect thereto are as follows:

i. *Register.* The Registrar must keep a bond register for the Notes in which the Registrar provides for the registration of ownership of the Notes and the registration of transfers and exchanges of the Notes.

ii. *Transfer of Note.* Subject to the provisions of clause x of this subsection, upon surrender for transfer of a Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee, one new note in an aggregate principal amount equal to the then outstanding principal amount of the Note so surrendered and of like maturity, as requested by the

transferor. The Registrar may, however, close the books for registration of any transfer after the 15th day of the month preceding each interest payment date and until such interest payment date.

iii. *Issuance of New Notes.* Subject to the provisions of clause x of this subsection, the Issuer shall, at the request and expense of the Lender, issue new notes in aggregate outstanding principal amount equal to that of the Notes surrendered, and of like tenor except as to number, principal amount, and, if applicable, the amount of the monthly installments payable thereunder, and registered in the name of the Lender or such transferee as may be designated by the Lender.

iv. *Exchange of Notes.* When a Note is surrendered by the registered owner for exchange the Registrar will authenticate and deliver one new note in an aggregate principal amount equal to the then outstanding principal amount of the Note surrendered and of like maturity, as requested in writing by the registered owner or the owner's attorney.

v. *Cancellation.* A Note surrendered upon any transfer or exchange will be promptly canceled by the Registrar and thereafter disposed of as directed by the Issuer.

vi. *Improper or Unauthorized Transfer.* When a Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the Note so presented until the Registrar is satisfied that the endorsement on the Note or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

vii. *Persons Deemed Owners.* The Issuer and the Registrar may treat the person in whose name a Note is registered in the bond register as the absolute owner of such Note, whether such Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Note and for all other purposes, and payment so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

viii. *Taxes, Fees and Charges.* For a transfer or exchange of a Note, 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 the transfer or exchange.

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

x. *Limitation on Transfers.* The Notes have been issued without registration under state or other securities laws, pursuant to an exemption for such issuance; and accordingly a Note may not be assigned or transferred in whole or part, nor may a participation interest in a Note be given pursuant to any participation agreement, except in accordance with an applicable exemption from such registration requirements. In no event may any participation interest in a Note be in an initial principal amount of less than \$100,000.

Section 7. General Covenants.

a. *Payment of Principal and Interest.* The principal of and interest on the Notes are payable solely from and secured by revenues and proceeds derived from the Notes and the Documents, or credited to the Bond Account under Section 7, which revenues and proceeds are hereby specifically pledged to the payment thereof in the manner and to the extent specified herein and in the Notes and the Documents; and nothing in the Notes or in this Resolution shall be considered as assigning, pledging or otherwise encumbering any other funds or assets of the Issuer.

b. *Agreements Binding.* All agreements, covenants, and obligations of the Issuer contained in this Resolution and in the above referenced documents shall be deemed to be the agreements, covenants, and obligations of the Issuer to the full extent authorized or permitted by law, and all such agreements, covenants, and obligations shall be binding on the Issuer and enforceable in accordance with their terms. No agreement, covenant, or obligation contained in this Resolution or in the above referenced documents shall be deemed to be an agreement, covenant, or obligation of any member of the Council, or of any officer, employee, or agent of the Issuer in that person's individual capacity. Neither the members of the Council, nor any officer executing the Notes, shall be liable personally on the Notes or be subject to any personal liability or accountability by reason of the issuance of the Notes.

c. *Rights Conferred.* Nothing in this Resolution or in the above referenced documents is intended or shall be construed to confer upon any person (other than as provided in the Notes, the Loan Agreement, the Assignment Agreement, and the other agreements, instruments, and documents hereby approved) any right, remedy, or claim, legal or equitable, under and by reason of this Resolution or any provision of this Resolution.

d. *Nature of Security.*

i. The Notes will be special limited obligations of the Issuer.

ii. Notwithstanding anything contained in the Notes or the Documents or any other document referred to herein to the contrary, under the provisions of the Act the Notes may not be payable from or be a charge upon any funds of the Issuer other than the Bond Account and the revenues and proceeds pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon, nor shall the Notes otherwise contribute or give rise to a pecuniary liability of the Issuer or any of the Issuer's officers, employees and agents. Accordingly, the Notes shall not be payable from or charged upon any funds other than the revenues pledged to the payment thereof, nor shall the Issuer be subject to any liability thereon.

iii. No holder of the Notes shall ever have the right to compel any exercise of the taxing power of the Issuer to pay the Notes or the interest thereon, or to enforce payment thereof against any property of the Issuer other than the revenues pledged under the Assignment Agreement; and the Notes shall not constitute a charge, lien or encumbrance, legal or equitable, upon any funds, assets or property of the Issuer, other than revenues under the Loan Agreement and sums held in the Bond Account; and the Notes shall not constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation of indebtedness. The Notes will not constitute an indebtedness, a pecuniary liability, a moral or general obligation or a loan of the credit of the Issuer or a charge, lien or encumbrance, legal or equitable, against the Issuer's property, general credit or taxing powers.

Section 8. *Offering and Disclosure Materials.* The Issuer has not participated in the preparation of or reviewed any offering or disclosure materials with respect to the offer and sale of the Notes and the Issuer makes no representations or warranties regarding the necessity, sufficiency, accuracy, fairness, completeness or adequacy of any disclosure with respect to such offer and sale.

Section 9. *Severability.* If any provision of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more

phrases, sentences, clauses or paragraphs in this Resolution contained shall not affect the remaining portions of this Resolution or any part thereof.

Section 10. Effective Date. This Resolution shall take effect and be in force from and after receipt by the Issuer of an allocation of bond issuing authority from the State in an amount necessary to issue the Notes.

Adopted: September 8, 2014

Jeff Pelowski

Mayor

Todd Peterson

Community Development Coordinator

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EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
CITY COUNCIL OF THE
CITY OF ROSEAU, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Roseau, Minnesota, was duly called and held at the City Council Chambers located at 121 Center Street E, Suite 201 on Monday, September 8, 2014, at 5:00 p.m.

The following members were present: Mayor Jeff Pelowski, Council members Pat Novacek, Curt Ireland, Linda Vatnsdal, and Don Ross_____

and the following members were absent: none_____

The Clerk reported that Roseau Tamarack Place, LLC has requested that the City issue its tax-exempt revenue obligations to finance the construction and equipping of a 40-unit multifamily apartment project. The Council was presented with a form of resolution approving such tax-exempt revenue obligations.

MOTION: Member Pat Novacek moved to adopt Resolution No. 25-14, entitled "Resolution Approving a Housing Program and Development Agreement for a Project by Roseau Tamarack Place, LLC and Approving the Issuance and Sale of a Multifamily Housing Development Revenue Notes, Series 2014 (Roseau Tamarack Place, LLC Project) in the Amount of \$2,700,000 and Authorizing the Execution of Documents Relating Thereto"

SECOND: Member Don Ross

RESULT: On a roll call vote the motion was carried.

Ayes:Three

Nays:none

Not Voting: Council
member
Linda
Vatnsdal

Absent:

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Roseau on September 8, 2014.

Signed: ss/Jeff Pelowski
Mayor, Jeff Pelowski

Attest: ss/Todd Peterson
Community Development Coordinator Todd Peterson

The motion for the foregoing resolution was duly seconded by Council member Don Ross and upon vote being taken thereon, the following voted in favor thereof: Pelowski, Novacek, Ross, and Ireland.

and the following voted against the same: None

and the following abstained: Vatnsdal

and the following were absent: None

whereupon, said motion was declared duly passed and adopted.

CDC Todd Peterson requested council Approval of Resolution No. 27-14 Classification and Sale of Tax-Forfeited Land(s) and authorization to put outstanding utilities against the parcel located in the City of Roseau Parcel No. 54.0202300.

**RESOLUTION NO. 27-14
OF THE CITY OF ROSEAU REGARDING TAX FORFEITED LANDS**

At the regular meeting of the City Council of the City of Roseau, Minnesota, held on Monday, September 8, 2014, at 5:00 p.m., a Motion was made by Councilperson Patrick Novacek for passage of the following Resolution:

THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA DOES HEREBY RESOLVE AS FOLLOWS:

WHEREAS, the City of Roseau received correspondence from Roseau County Auditor Martha Monsrud dated September 2, 2014, enclosing a list of a tax forfeited parcel located in the City of Roseau, which parcel has been classified by the Roseau County Board as non-conservation land; and

WHEREAS, the Roseau County Board has requested that the City Council of the City of Roseau respond to the sale of said parcel in one of the following ways, to-wit: approval of a public sale, approval of a private sale to adjacent landowners, requests for conveyance to the municipality itself, or disapproval of any conveyances or sales to anyone; and

WHEREAS, the City of Roseau requests that \$1,528.62 be levied against the property for unpaid utility bills which are due and owing to the City of Roseau, prior to the public sale of said property.

WHEREAS, this matter was fully discussed by the City Council of the City of Roseau;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA, that the County of Roseau, Minnesota, be directed to have a public sale of the property, described as follows:

That part of Auditor's Subdivision "G" described as: Beginning at the Southwest corner of Auditor's Subdivision "G", in the City of Roseau, thence East in a straight line with the North side of Pearl Street, One Hundred (100) feet; thence at right angles North, One Hundred Thirty-five (135) feet, thence at right angles West One Hundred (100) feet to the West boundary of said Auditor's Subdivision "G", thence at right angles South One Hundred Thirty-five (135) feet to the place of beginning.

This Motion for Resolution was made by Councilmember Pat Novacek and was seconded by Councilmember Linda Vatsndal, and upon a vote being taken, the following voted in favor: Mayor Jeff Pelowski, Councilmember Pat Novacek, Councilmember Curt Ireland, Councilmember Don Ross and Councilmember Linda Vatsndal.

The following voted against the same: None.

The following abstained: None.

The following were absent: None.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEAU, MINNESOTA, that the County of Roseau, Minnesota, be directed to levy \$1,528.62 against the property for unpaid utility bills which are due and owing to the City of Roseau, prior to the public sale of said property.

This Motion for Resolution was made by Councilmember Pat Novacek and was seconded by Councilmember Curt Ireland, and upon a vote being taken, the following voted in favor: Mayor Jeff Pelowski, Councilmember Pat Novacek, Councilmember Curt Ireland, Councilmember Don Ross and Councilmember Linda Vatsndal .

The following voted against the same: None.

The following abstained: None.

The following were absent: None.

Adopted by the Council this 8th day of September, 2014.

EFFECTIVE DATE: September 8, 2014.

Mayor Jeff Pelowski

ATTEST:

Janet Lundbohm
City Clerk

Parkland Place

Darrin Smedsmo presented the council with a revised budget for Parkland Place Apartments and a letter from Border State Bank pre-approving a loan for the Parkland Place Apartment Project.

Council member Linda Vatsndal abstained from voting and discussion on this issue as she is a corporate officer of Bergland Enterprises, Inc. the proposed Seller of the real property.

After further discussion Mayor Jeff Pelowski made the following Motion which was contingent upon, among other things, that Darrin Smedsmo receive financing through Border State Bank, pending the appraisal which was not due to be completed for four to six weeks:

1. The City of Roseau would enter into a Purchase Agreement for the purchase price of \$58,500.00 contingent upon said transaction being valid with the following amendments to the proposed Purchase Agreement already reviewed by Darrin Smedsmo, the proposed Sellers and the City:

a. That the condition of a Development Agreement being required prior to closing would be deleted from the proposed Purchase Agreement.

b. That the Buyer and/or assignee of Buyer would be allowed immediate possession of the subject real property prior to closing.

2. Authorizing the Mayor and Clerk to execute the Purchase Agreement following execution by Sellers, if the City is so able to enter into such Agreement.

3. Contingent upon the validity of said Purchase Agreement and contingent upon Darrin Smedsmo obtaining proper financing by and through Border State Bank, the City would agree to the following:

a. The City would enter into a long term Lease Agreement if applicable with the terms to be negotiated with Darrin Smedsmo with Smedsmo having the option to purchase the real estate after expiration of the long term Lease Agreement.

b. That the City enter into a Loan Agreement on Parkland Place project for \$400,000.00 which Loan Agreement would match the D.E.E.D. grant with the terms to be negotiable with the understanding if applicable the interest and principal payments could be deferred for a thirty (30) year time period.

c. The City would enter into a Promissory Note/Loan Agreement and obtain a second mortgage for Parkland Place in an amount between \$0.00 and \$650,000.00 depending upon the results of the appraisal and any gap in financing.

d. The city would apply for a matching Grant through D.E.E.D. for up to 10% of the project cost or \$400,000.00

4. All terms and conditions of said Motion are contingent upon Parkland Place obtaining all necessary permit approvals from the City and/or other regulating agencies and further contingent upon Darrin Smedsmo obtaining the necessary bank loan through Border State Bank for the apartment project to be built on the subject real estate.

Councilmember Don Ross seconded the Motion, Councilmember Curt Ireland approved the Motion, Councilmember Linda Vatnsdal abstained and Councilmember Patrick Novacek opposed the Motion.

Motion carried 3-1.

Mayor and Council

CDC Todd Peterson presented council with the 2015 Preliminary Budget. After discussion Council member Curt Ireland motioned, Council member Don Ross seconded, and it was carried by unanimous vote to approve the 2015 Preliminary Budget.

2015 PRELIMINARY BUDGET			
	REVENUE	EXPENSES	BALANCE
101 General Fund	\$2,291,094	\$3,083,981	(\$ 792,887)
228 Lodging Tax	\$ 45,000	\$ 57,491	(\$ 12,491)
Polaris Promissory Note	\$ 1,000	\$ 5,000	(\$ 4,000)
233 2001 TIF	\$ 75,284	\$ 58,623	\$ 16,661
2003 Corp of Eng Flood	\$ 0	\$ 0	\$ 0
Water Fund	\$ 402,750	\$ 301,485	\$ 101,265
Sewer Fund	\$ 358,500	\$ 268,440	\$ 90,060
Garbage Fund	\$ 405,000	\$ 531,801	(\$ 126,801)
Electric Fund	\$4,048,050	\$3,456,579	\$ 591,471
Liquor Fund	\$1,775,550	\$1,502,422	\$ 273,128
Construction Fund	\$ 0	\$1,569,000	(\$ 1,569,000)
	=====	=====	=====
Total All Funds	\$9,402,228	\$10,834,822	(\$ 1,432,594)

CDC Todd Peterson presented Council with the 2015 Preliminary Levy. After discussion Council member Pat Novacek motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to approve the 2015 Preliminary Levy.

2015	
PRELIMINARY LEVY	
General Levy	\$ 998,928
Bonds and Interest JOBZ Non-Exempt	\$ 5,000
Library	45,314

Total 2015 General Levy	\$ 1,049,242

Mayor Pelowski informed council they needed to set the 2015 Truth and Taxation Public Hearing date. Council member Linda Vatnsdal motioned, Council member Pat Novacek seconded, and it was carried by unanimous vote to approve the date of December 1st, 2014 for the Truth and Taxation Public Hearing @ 6:00 pm.

CDC Todd Peterson presented council with the three options Thune insurance proposed for employee health insurance. These figures only cover the remainder of 2014. 2015 figures are not available yet. This was for council information only. The employees association has not voted on it as of yet.

Community Development Coordinator Todd Peterson provided an update on the Roseau East Diversion Project. CDC Todd Peterson informed council that work will start in earnest over the next few weeks and everything is expected to go well.

Council member Linda Vatnsdal proposed an increase to the election judge pay. Currently election judges are paid \$9.00 per hour, with the head judge receiving \$9.50.

After discussion Council member Linda Vatnsdal motioned, Council member Pat Navocek seconded, Council member Don Ross opposed and the motion carried to approve increasing the election judge pay to \$14.00 per hour with the head judge receiving \$15.00 per hour starting with the general election November 2014.

Unfinished Business

Council noted the 25 years of service from retiring City Clerk Janet Lundbohm.

CDC Todd Peterson recommended to council that the Clerk and Treasurer positions be recombined. The City ordinance will need to be updated. This will be a grade 10 position. Until the ordinance is passed Elizabeth Hellquist would be the acting Clerk/Treasurer.

CDC Peterson also requested council approval to hire an Accounting Clerk/Administrative Assistant (a grade 4 position).

Council member Curt Ireland motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to approve Elizabeth Hellquist to a grade 10 position as acting Clerk/Treasurer until the ordinance is changed, changing the ordinance to combine the Clerk/Treasurer position and approve hiring an Accounting Clerk/Administrative Assistant (a grade 4 position).

Council member Pat Novacek offered to set up a Technology Committee and meet with the department heads. Council member Linda Vatnsdal motioned, Council member Curt Ireland Seconded, and it was carried by unanimous vote to approve setting up a Technology Committee.

Closed Meeting

Council member Curt Ireland motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote to close the City Council Meeting.

Resolution #26-14 Resolution Closing Council Meeting

RESOLUTION CLOSING COUNCIL MEETING

WHEREAS, the Minnesota Open Meeting Law, Minn. Stat. § 13D.05, subd. 3(b) states that “meetings may be closed if the closure is expressly authorized by statute or permitted by the attorney-client privilege;” and

WHEREAS, on July 10, 2014, legal counsel for Dennis and Rose Strandlund on behalf of Don Strandlund sent written correspondence to the City of Roseau regarding alleged non-compliance with a Purchase Agreement by and between Donald C. Strandlund and JoAnne Strandlund, husband and wife, as Sellers, and the City of Roseau, as Buyer, dated March 19, 2010; and

WHEREAS, said legal counsel that the City may be in breach of that Agreement and threatened litigation; and

WHEREAS, it would be detrimental to the interests of the City of Roseau to hold a public discussion with its attorneys regarding the threatened or pending litigation; and

WHEREAS, there is an absolute need for the Roseau City Council to obtain confidential legal advice regarding the litigation and potential settlement in order to maintain the attorney-client privilege.

BE IT RESOLVED by the Roseau City Council as follows:

1. The Roseau City Council hereby closes this meeting based upon the attorney-client privilege pursuant to Minn. Stat. § 13D.05, subd. 3(b);
2. The specific subjects to be discussed, pursuant to Minn. Stat. § 13D.01, subd. 3, include the legal strategy in responding to threatened litigation by legal counsel for Strandlunds.

Dated this 8th day of September, 2014.

Jeff Pelowski

Mayor

Elizabeth Hellquist

Acting City Clerk/Treasurer

Council member Pat Novacek motioned, Council member Linda Vatnsdal seconded, and it was carried by unanimous vote that there was no further business, therefore the meeting be adjourned.

ATTEST:

Community Development Coord.

Mayor