



**City of Newport  
City Council Minutes  
June 19, 2014**

**1. CALL TO ORDER**

Mayor Geraghty called the meeting to order at 5:30 P.M.

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL -**

**Council Present** – Tim Geraghty; Bill Sumner; Tracy Rahm; Steven Gallagher

**Council Absent** – Tom Ingemann;

**Staff Present** – Bruce Hanson, Supt. of Public Works; Renee Eisenbeisz, Executive Analyst; Fritz Knaak, City Attorney; Jon Herdegen, City Engineer; Sherri Buss, TKDA Planner

**Staff Absent** – Deb Hill, City Administrator; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief;

**4. ADOPT AGENDA**

**Mayor Geraghty** - I would like to move the Engineer's Report to the first item under the Administrator's Report because he needs to be elsewhere.

**Motion by Gallagher, seconded by Sumner, to adopt the Agenda as amended. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**5. ADOPT CONSENT AGENDA**

**Motion by Sumner, seconded by Gallagher, to approve the Consent Agenda as presented which includes the following items:**

- A. Minutes of the June 5, 2014 Regular City Council Meeting
- B. List of Bills in the Amount of \$146,101.91
- C. Electrical Inspection Services Agreement
- D. Liquor License for Booya
- E. **Ordinance No. 2014-7** - Amending Section 600.20

**With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE**

**7. MAYOR'S REPORT** – Nothing to report.

**8. COUNCIL REPORTS –**

**Councilman Gallagher** - Nothing to report.

**Councilman Sumner** - I just wanted to remind people that 70 years ago the allies rolled ashore on the beaches of France and moved across Europe to preserve our democracy and 25 years ago the Chinese students attempted to

establish democracy by their actions in Tiananmen Square and were squashed and just wanted to remind people that the democracy that surrounds is something fragile, precious, and elusive. We should always be aware of it. We also had our summer blood drive at the Department of Revenue. If you're healthy and looking to do something good you can always go down to the Red Cross and donate blood.

**Councilman Rahm** - I received a memo from the South Washington County Telecommunications Commission and it's saying that Comcast is proposing to transfer its Twin Cities cable franchises. It's pursuing a merger with Time Warner Cable and according to some of the FCC Regulations it will divest the Twin Cities market. The proposed new operator looks like a company called Midwest Cable and they'll notify themselves of their intent and have 120 days before the FCC will make rule on it. I'm sure we'll have a public hearing on it at the Telecommunications Commission. Please come to that meeting if you have any questions. I don't know when the meeting will take place.

## **9. ADMINISTRATOR'S REPORT –**

### **A. Engineer's Report - Resolution No. 2014-25, Adopting the Assessment**

Jon Herdegen, City Engineer, presented on this item as outlined in the June 19, 2014 City Council packet.

**Mayor Geraghty** - There is one area that I wanted to look at possibly adjusting. There are five homes on the north end of 2nd Avenue and they had a problem with the scheduled 80 pipe being only 20 years old. I did meet with them and I was proposing that we drop \$1,000 off their assessment. It's 1980, 1990, 2000, 2020, and 2050 2nd Avenue.

**Councilman Gallagher** - I think that's a good idea but if they find that it is broke or needs to be fixed, they would do it at that time.

**Mayor Geraghty** - Yes. I felt we can give them the credit and if it needs to be fixed it would be the City's cost because it's not that old. They can make that in the field.

**Councilman Rahm** - I'm ok with that.

**Engineer Herdegen** - We can adjust those. There is one vacant parcel on 2nd Avenue, north of Darl's house. He is being charged the full \$1,000 for water and sewer.

**Mayor Geraghty** - Does he have pipe in there?

**Superintendent Hanson** - No.

**Mayor Geraghty** - Then he shouldn't be assessed for it.

**Engineer Herdegen** - Just so the Council moves to disclude the \$1,000 water and sewer assessment from that vacant property. He'll be charged at the time of connection.

**Mayor Geraghty** - We'll stub it in and put a driveway access?

**Superintendent Hanson** - Yes.

**Engineer Herdegen** - I have three other changes. We went through the televising records and found that three were not televised so we shouldn't be charging them for it.

**Councilman Sumner** - Will they be assessed for the improvements?

**Engineer Herdegen** - If they are getting improvements done to their sewer and for the street, they will be

assessed for those. This is only regarding the \$69.50 fee for televising. Those properties are 1482 Cedar Lane, 1270 Wild Ridge Trail, and a vacant property between 2230 and 2245 Larry Lane.

**Councilman Sumner** - So because we were unable to see if there were obstructions we'll have to make a determination when the ground is open and do as much repair as we can up to the property line correct?

**Engineer Herdegen** - Up to the property line. We'll make sure that anything underneath the new street is in good repair.

**Councilman Sumner** - Would that be an additional amount?

**Engineer Herdegen** - It would be consistent with City policy to bill those properties for that work and provide them the option of putting it on their assessment.

**Councilman Sumner** - So it's possible those two properties could have an assessment that they're not aware of right now because we couldn't look at their piping?

**Engineer Herdegen** - Yes.

**Councilman Sumner** - Ok. On this chart we received, there's a mention of a \$19,000 assessment at 1125 Ford Road. I swung by this morning and it looks like a lot of rock is still coming down from the driveway. Are we going to go ahead with that amount of assessment because they did put some sort of catch basin at the bottom. Is it your opinion that it didn't work today or is there more work that will need to be done?

**Superintendent Hanson** - It's not done yet.

**Councilman Sumner** - Were they going to pave part of it or is the catch basin the only thing?

**Engineer Herdegen** - What we have on the assessment is the lump sum price to install the cattle guard across both driveways. We've been given indication from 1125 Ford Road that they plan to pave their driveway which will eliminate the majority of the nuisance. As of yet, we don't have a grading permit or any type of guarantee that he is doing it. I would recommend it stays on the assessment roll until that work is done.

**Councilman Gallagher** - Can it be taken off of the assessment roll after it's completed.

**Executive Analyst Eisenbeisz** - Yes. You'll need to approve a resolution in November to certify it to the County so it can be taken off at that time.

**Councilman Sumner** - But he'll need to be done between now and November so it's not assessed.

**Superintendent Hanson** - It should be in place before the street is done.

**Councilman Gallagher** - Should we work on something that it needs to be completed by August 1 and if it's not the assessment stays and we do the work?

**Engineer Herdegen** - We can draft a letter to that affect.

**Mayor Geraghty** - Doesn't the assessment roll stay as it is and any changes need to come back to us so we can control that.

**Councilman Sumner** - So it could be removed a year or two from now.

**Engineer Herdegen** - I believe it should be removed before it is certified to the County this year if it's going to

be removed.

**Councilman Gallagher** - I would agree.

**Councilman Sumner** - But if he doesn't then we would take the steps necessary to correct the problem?

**Engineer Herdegen** - And we would need to do that while we have the contractor under contract.

**Councilman Sumner** - So the full assessment could be levied against him before the fall?

**Engineer Herdegen** - Yes.

**Councilman Sumner** - Will we have the contractors that long?

**Engineer Herdegen** - Yes, their completion date is the end of October.

**Councilman Gallagher** - Why don't we give them 45 days.

**Councilman Sumner** - That's long before the November certification period.

**Engineer Herdegen** - The Council will need to approve the certification to the County the first meeting in November and we'll need the information by the 3rd of November which is right when they're finishing up their work. We need to provide them indication that they need to do the work. Right now, it's on hold.

**Councilman Sumner** - But if they think they have until October and we have a final item that we won't know about until November it's unfair to them to ask them to stick around.

**Engineer Herdegen** - Time is of the essence, I think 45 days would be appropriate.

**Councilman Sumner** - And we need a response from both driveway owners correct?

**Engineer Herdegen** - Yes, one owner did put in his own facility. His plan is to concrete or blacktop up and beyond that so that will help some. He has to figure out something that works.

**Councilman Sumner** - The cattle guard didn't appear to be working.

**Superintendent Hanson** - It had not been cleaned out from the previous rain.

**Councilman Sumner** - It requires constant maintenance, it has been installed but it is not sufficient at this point. Is that something the City would be in contact with them on?

**Engineer Herdegen** - We can send them a letter.

**Councilman Sumner** - We see the assessment of \$19,000 for 1125 Ford, is the twin driveway assessed the same amount?

**Engineer Herdegen** - It should be a similar amount, I'm not sure if their sewer repairs are identical. The majority of the \$19,000 is the \$15,000 assessment for the cattle guard.

**Councilman Sumner** - At this point that second homeowner has not filed an appeal.

**Engineer Herdegen** - Correct.

**Mayor Geraghty** - I would like to recap the adjustments. We have those five homes at \$1,000 and then \$2,000 for that vacant lot. What were the smaller amounts?

**Engineer Herdegen** - Those were \$69.50 for 1482 Cedar Lane, 1270 Wild Ridge Trail and a vacant lot between 2230 and 2245 Larry Lane.

**Councilman Sumner** - Several of the people that came to the assessment hearing and concerns on the impact to trees on their property. Was any adjustment able to be made on the trees?

**Engineer Herdegen** - We did preserve some. We also contacted the contractor for a price to install new trees for any that were removed. It will be at the City's discretion for which trees will be replaced. They are in the boulevard so we're not obligated to replace them but if there are some extenuating circumstances we have a reasonable price to replace them.

**Councilman Sumner** - And all of the trees that were in question were in the boulevard so they were a City tree.

**Councilman Gallagher** - 1271 Wild Ridge Trail, is it correct that he's being improperly assessed?

**Engineer Herdegen** - No. His location is on the west side of Kolff and the other portion is on the east side of Kolff. The west portion is a full depth reclamation.

**Councilman Sumner** - So he is correctly assessed?

**Engineer Herdegen** - Yes.

**Councilman Sumner** - Has that been explained to him?

**Engineer Herdegen** - No but I can.

**Councilman Sumner** - And they have an option of going on the 10 year plan, those that appealed?

**Engineer Herdegen** - Yes, they have the same options as everyone else.

**Councilman Gallagher** - They also have the option of going to court too?

**Engineer Herdegen** - Yes, they are obligated to file in District Court within 30 days.

**Councilman Sumner** - Is a financial hardship a legitimate reason to file?

**Attorney Knaak** - No. It's based on the valuation, not on mercy. Bottom line is the value and whether or not that's an accurate amount.

**Councilman Gallagher** - Darl's property is \$7,500 but he mentioned \$3,500 in his appeal.

**Engineer Herdegen** - I'm not sure what he's referring to. The value of his land is \$3,000.

**Councilman Gallagher** - Is it his homestead and another lot and they're each being assessed \$3,500?

**Engineer Herdegen** - No, they're each being assessed \$7,500 and we removed \$2,000 from the vacant lot.

**Superintendent Hanson** - And that's where Darl had the problem, with the vacant lot. They'll pay WAC and SAC when they connect.

**Engineer Herdegen** - And he is appealing the vacant lot.

**Councilman Gallagher** - Are we taking off \$1,000 on his homestead lot?

**Engineer Herdegen** - No, he has the old sewer.

**Councilman Sumner** - And none of those are here tonight.

**Councilman Gallagher** - I did have a question on Richard Pesek. Do home inspections typically include sewer inspections? I don't recall that when I bought my home.

**Engineer Herdegen** - I believe he is referring to when the sewer was originally connected. He was concerned that no one from the City inspected it when it was put in in the 1950's and if we didn't inspect it properly and the methods of construction led to deterioration it should be the City's responsibility to pay for that.

**Councilman Sumner** - Do we have any way of verifying that it was inspected?

**Superintendent Hanson** - We had an inspection when it went in but the construction methods have changed since then.

**Councilman Sumner** - So it's likely that it was done correctly at that time?

**Engineer Herdegen** - Yes and we don't follow those anymore.

**Mayor Geraghty** - On the resolution, I'd like to have the new total assessed.

**Engineer Herdegen** - We can add that. The interest rate is 1.5% higher than what the bonds were sold for.

**Stacie Kvilvang, Ehlers** - The true interest cost is 2.612% so it would be 1.5% above that.

**Motion by Geraghty, seconded by Sumner, to approve Resolution No. 2014-25 as amended. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**B. Resolution No. 2014-26 - Providing for the Issuance and Sale of \$3,380,000 General Obligation Bonds, Series 2014A, and Pledging Special Assessments and Levying a Tax for the Payment Thereof**

Stacie Kvilvang, Ehlers, presented on this item as attached and outlined in the June 19, 2014 City Council packet. The bond was reduced to \$3,235,000.

**Councilman Sumner** - Could you explain the reduction amount?

**Ms. Kvilvang** - You received a premium so someone paid you more for your bonds than what you had out there so we reduced the size of that because we still have adequate cash for your construction fund rather than taking that premium and increasing the amount of bond proceeds that you actually have. Premium bids are kind of like buying a car. Sometimes people are willing to pay more for the car for a low interest rate. With the premium bid, you're seeing the lower couponing coming in and that's why they're willing to pay you the premium for that.

**Councilman Sumner** - So we're paying more interest to get the reduction?

**Ms. Kvilvang** - The true interest cost went up a little because of it but overall you're coming in about the same that we had anticipated.

**Councilman Sumner** - Is it common that we would only see four replies?

**Ms. Kvilvang** - That's pretty typical. Right now there is a lot of paper in the market but we've seen an average of three to six bids.

**Councilman Sumner** - Where are these advertised?

**Ms. Kvilvang** - On all of the websites for the bond buyers, it's posted nationally.

**Mayor Geraghty** - The only change to the Resolution is the total?

**Ms. Kvilvang** - Yes.

**Motion by Gallagher, seconded by Geraghty, to approve Resolution No. 2014-26 providing for the issuance and sale of \$3,235,000 General Obligation Bonds, Series 2014A, and Pledging Special Assessments and Levying a Tax for the Payment Thereof. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**C. Resolution No. 2014-27 - Approving a Side Yard Variance Requested by Michael Hoffman for Property Located at 11 Oakridge Drive**

Sherri Buss, TKDA Planner, presented on this item as outlined in the June 19, 2014 City Council packet.

**Motion by Sumner, seconded by Rahm, to approve Resolution No. 2014-27 approving a side yard variance for Michael Hoffman as presented. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**D. Resolution No. 2014-28 - Approving a Rezoning Requested by Tom Long for Property Located at 2204 Hastings Avenue**

Sherri Buss, TKDA Planner, presented on this item as outlined in the June 19, 2014 City Council packet.

**Councilman Rahm** - You're talking about putting screening up, that's a small lot. Where would you put it up and what would it entail?

**Ms. Buss** - It can be a fence or landscaping but properties like this where they have vehicles parked for more than 48 consecutive hours have to have screening from adjacent residential properties. He would need at least a fence or hedge along the boundary of the property to screen those vehicles.

**Councilman Rahm** - But when you have a car lot the whole point is for people to see cars. I like that we're doing a better use for it. My concern is that I want it to look as best as possible. It's an entryway corridor into Newport and we're trying to clean up everything we possibly can and that property is a key property. I want to make sure that the screening will look good. I'm just wondering what it will look like when the CUP comes along.

**Ms. Buss** - I think it would be fair to ask that of the applicant.

**Mayor Geraghty** - Does that apply to the existing lots?

**Ms. Buss** - If they received their CUP before those requirements it's hard to enforce it but we can with someone new.

**Councilman Sumner** - I don't want to get away from the main point which is rezoning but with the screening, we're not going to require it in the front where the vehicles will be displayed for more than 48 hours. I just want to make sure we're not expecting it all to be screened.

**Councilman Gallagher** - Should we just look at the rezoning tonight and not have the discussion on screening

tonight? I think the conditional use permit is where we'll have a lot of issues.

**Councilman Sumner** - I don't want to pass something now that locks him into something that wouldn't be a benefit for the property owner.

**Councilman Rahm** - If we're passing this now that's fine but I want to know what it's going to look like down the road.

**Ms. Buss** - The requirement in your ordinance is that any car that is parked for more than 48 hours needs to be screened. There is not an exemption for car lots. If there's a desire to make some type of exemption we'll need to make that change before we approve this.

**Councilman Rahm** - The screening doesn't make sense to me.

**Councilman Gallagher** - There's a possibility that we pass this tonight and the CUP comes up and we say no to that. So just because we're saying yes to this doesn't mean we're saying yes to the lot.

**Councilman Sumner** - This is not guaranteeing that but it is the intention. What is that business going to look like? I don't want to pass something right now that would require him to fence the entire property.

**Ms. Buss** - Then we would need to make a change in your ordinance to exempt car lots from that requirement.

**Councilman Sumner** - Can that be done at the Planning Commission when the CUP is in place or is that a separate issue?

**Ms. Buss** - We would need to have a separate public hearing for that and it would need to be done before the CUP. If you are contemplating that we'll need to know soon so we can delay his CUP public hearing because that would need to be approved before the CUP is approved.

**Councilman Sumner** - I would be in favor of those steps.

**Councilman Gallagher** - We had a conversation about this piece of property a while back about vehicles parking on the City's right-of-way.

**Superintendent Hanson** - Yes because the lot is so small there is not room to park vehicles straight in without being on City property. This is just for residential property right?

**Ms. Buss** - Yes, where he faces residential.

**Superintendent Hanson** - So it's not the whole thing, it'd be the south side.

**Councilman Gallagher** - I think that's reasonable.

**Tom Long, 2204 Hastings Avenue** - I think the way it was explained to me is that this is a two step process. I don't think we need to worry about the conditions of the conditional use permit, it's about rezoning it to MX-1. Once that's done we can address the issues of the CUP. You're absolutely right about the screening. I'm ok with it for the portion that screens the back of the building on Ford Road. That's where the cars will come in for reconditioning but those are issues we can address when we're talking about the CUP.

**Ms. Buss** - The only problem is that if we need to change the ordinance it would take a month so it would be August.

**Mr. Long** - Whatever it takes.

**Mayor Geraghty** - But it's reasonable to require screening on the south and east side.

**Councilman Gallagher** - I would think so.

**Councilman Rahm** - If it's just on Ford Road, that's doable.

**Councilman Sumner** - Is there room for a fence?

**Mr. Long** - I have 20 feet of land but there is a setback that if I put a 20 foot car parked north and south it would be on the City's property by about three or four feet. You could do a tight diagonal but if there is screening they couldn't see the cars. The 48 hour deal, the fencing, that's for you and Planning to discuss. Tonight is just about rezoning.

**Superintendent Hanson** - If you look at the photo in the packet, that is pretty close to the actual property lines.

**Councilman Gallagher** - That's where the fence can go?

**Executive Analyst Eisenbeisz** - Yes.

**Superintendent Hanson** - So they'll only be able to park it diagonally.

**Mayor Geraghty** - Is there a curb cut in there on the south side?

**Superintendent Hanson** - We were going to provide one at the rear and he could use the one on the west side.

**Mayor Geraghty** - I'm just wondering where the fence would need to go.

**Councilman Sumner** - Do we have to pass a resolution to ask for the change in the ordinance?

**Mayor Geraghty** - I don't think there's a feeling to do that, we think it's reasonable to require some fencing on the residential side.

**Councilman Sumner** - Just on the south side?

**Ms. Buss** - Yes.

**Motion by Geraghty, seconded by Sumner, to approve Resolution No. 2014-28 approving a rezoning for Tom Long as presented. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**E. Ordinance No. 2014-8 - Amending Section 1340, Residential Districts**

Sherri Buss, TKDA Planner, presented on this item as outlined in the June 19, 2014 City Council packet.

**Councilman Sumner** - Just to confirm this is rooftop, sidewalks, driveways, etc?

**Ms. Buss** - Yes

**Councilman Sumner** - Is crushed gravel still considered?

**Ms. Buss** - Typically it is because it operates like an impervious surface.

**Councilman Gallagher** - There are some new driveway designs that allow for water.

**Ms. Buss** - Yes and then we would need Jon's expertise about how much credit we would give for that.

**Superintendent Hanson** - There is a calculation for credits.

**Councilman Sumner** - Are the tracks allowed in Newport?

**Superintendent Hanson** - No.

**Motion by Sumner, seconded by Geraghty, to approve Ordinance No. 2014-8 as presented. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

#### **F. Chicken Permit for Anthony Mahmood**

Executive Analyst Eisenbeisz presented on this item as outlined in the June 19, 2014 City Council packet.

**Motion by Gallagher, seconded by Sumner, to approve the Chicken Permit for Anthony Mahmood as presented. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

**Executive Analyst Eisenbeisz** - I just wanted to remind everyone that the July 3, 2014 City Council meeting has been cancelled due to the 4th of July holiday.

**10. ATTORNEY'S REPORT** - Nothing to report

**11. POLICE CHIEF'S REPORT** - Nothing to report

**12. FIRE CHIEF'S REPORT** – Nothing to report

**13. ENGINEER'S REPORT –  
A. Resolution No. 2014-25**

This item was moved to 9.A.

#### **14. SUPERINTENDENT OF PUBLIC WORKS REPORT**

**Superintendent Hanson** - Due to all the heavy rains I wanted to give the public a report on the flood status. We're at about 693 feet today. The National Weather Service is forecasting a seven foot rise over the next seven days which would put us at 700.3 feet. That's three inches above the levee. It could start affecting some of our residents by Monday.

**Councilman Rahm** - Is that higher than the 1965 flood?

**Superintendent Hanson** - No. I'll read out a list of things that the City does and does not do for citizens. The City does: Encourage homeowners to purchase National Flood Insurance; Provide a limited quantity of sand and sand bags for the use of homeowners and residents; Monitor flood predictions and we'll put out notices on our website and Facebook; Protect all City infrastructures, including but not limited to: sanitary sewer, inspect homes, water shut offs, discontinue services as necessary, block or barricade city streets as required for public safety, block or plug storm sewers located at the west outlets of 16<sup>th</sup>, 17<sup>th</sup> and 21<sup>st</sup> Streets when the river reaches a flood stage of 698'; Provide collection of empty sand bags; and Provide a site for disposal of sand bag fill. The City will not: Place or conduct any flood protection measures on private property; Provide labor or volunteers for implementing any flood protections measures on private property; Fill sand bags for use on private property; Provide temporary utility service for private property; Pump the pond located at or near 1651 and 1645 Cedar Lane (otherwise identified along Skiles Lane); Collect filled sand bags; and Restore damaged private property. That comes from a

2004 Resolution. We'll try to get a letter out to residents by Monday.

**Mayor Geraghty** - You know the homes that would be affected, could you make verbal contact tomorrow?

**Superintendent Hanson** - We can do that.

**Councilman Sumner** - How many homes are typically affected by this?

**Superintendent Hanson** - I think about 30.

**Councilman Rahm** - From that data it looks like it'll breach the levee.

**Superintendent Hanson** - Yes.

**Councilman Sumner** - Yes, if we could get a direct notice of some kind to residents that would be good.

**Councilman Rahm** - Do you declare a state of emergency?

**Mayor Geraghty** - We'll see if it goes over. Is it supposed to rain over the next week?

**Superintendent Hanson** - They just changed it to 40% chance each day next week.

**Mayor Geraghty** - Keep us posted.

**Superintendent Hanson** - I will.

## 15. NEW/OLD BUSINESS

## 16. ADJOURNMENT

**Motion by Sumner, seconded by Gallagher, to adjourn the regular Council Meeting at 6:44 P.M. With 4 Ayes, 0 Nays, 1 Absent, the motion carried.**

Signed: \_\_\_\_\_  
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Eisenbeisz  
Executive Analyst



**EHLERS**  
LEADERS IN PUBLIC FINANCE

June 19, 2014

## Sale Day Report for

City of Newport, Minnesota  
\$3,235,000 General Obligation Improvement Bonds,  
Series 2014A



Stacie Kvilvang  
Senior Financial Advisor

and

Jason Aarsvold  
Financial Advisor



# Sale Day Report – June 19, 2014

City of Newport, Minnesota

\$3,235,000 General Obligation Improvement Bonds, Series 2014A

**Purpose:** Financing the City's 2014 road reconstruction and utility projects within the City.

**Rating:** Standard & Poor's Credit Markets "AA"

**Number of Bids:** 4

**Low Bidder:** Piper Jaffray & Co., Minneapolis, MN

<b>Comparison from Lowest to Highest Bid: (TIC as bid)</b>	<b>Low Bid</b>	<b>High Bid</b>	<b>Interest Difference</b>
	2.5971%	2.8384%	\$72,612

<b>Summary of Results:</b>	<b>Projected</b>	<b>Results of Sale</b>	<b>Difference</b>
Principal Amount *:	\$3,380,000	\$3,235,000	-\$145,000
Underwriter's Discount:	\$33,800	\$29,498	-\$4,302
Reoffering Premium:	\$0	\$140,018	\$140,018
True Interest Cost:	2.3898%	2.6121%	0.2223%
Cost of Issuance:	\$44,000	\$43,604	-\$396
Yield:	0.65% - 3.15%	0.50% - 3.20%	
Total Net P&I:	\$4,055,922	\$4,071,812	\$15,890

\* The size of the bond issue changed from the projected amount due to premium bid.

**Closing Date:** July 15, 2014

**City Council Action:** Resolution authorizing issuance, awarding the sale, prescribing the form and details and providing for the payment of \$3,235,000 General Obligation Improvement Bonds, Series 2014A.

**Attachments:**

- A. Bid Tabulation
- B. Sources and Uses of Funds
- C. Updated Debt Service Schedules
- D. Bond Resolution (Distributed in City Council Packets)





## BID TABULATION

**\$3,380,000\* General Obligation Improvement Bonds, Series 2014A**

**City of Newport, Minnesota**

**SALE:** June 19, 2014

**AWARD:** PIPER JAFFRAY & CO.

**Rating:** Standard & Poor's Credit Markets "AA"

**BBI:** 4.37%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
PIPER JAFFRAY & CO. Minneapolis, Minnesota	2016	3.000%	0.500%	\$3,497,254.30	\$745,025.84	2.5971%
	2017	3.000%	0.750%			
	2018	3.000%	1.000%			
	2019	3.000%	1.300%			
	2020	3.000%	1.600%			
	2021	3.000%	1.900%			
	2022	3.000%	2.100%			
	2023	3.000%	2.350%			
	2024	3.000%	2.450%			
	2025	3.000%	2.600%			
	2026 <sup>1</sup>	3.000%	2.900%			
	2027 <sup>1</sup>	3.000%	2.900%			
	2028	3.000%	3.000%			
	2029	3.250%	3.100%			
	2030	3.500%	3.200%			
BAIRD Milwaukee, Wisconsin	2016	2.000%		\$3,422,766.05	\$767,268.95	2.6973%
	2017	2.000%				
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.000%				
	2025	3.000%				
	2026	3.000%				
	2027	3.000%				
	2028	3.000%				
	2029	3.500%				
	2030	3.500%				

\* Subsequent to bid opening the issue size was decreased to \$3,235,000.

Adjusted Price - \$3,345,520.51

Adjusted Net Interest Cost - \$726,291.29

Adjusted TIC - 2.6121%

\$360,000 Term Bond due 2027 with mandatory redemption in 2026.



<b>NAME OF BIDDER</b>	<b>MATURITY (February 1)</b>	<b>RATE</b>	<b>REOFFERING YIELD</b>	<b>PRICE</b>	<b>NET INTEREST COST</b>	<b>TRUE INTEREST RATE</b>
NORTHLAND SECURITIES, INC. Minneapolis, Minnesota	2016	2.000%		\$3,391,741.00	\$770,983.72	2.7297%
	2017	2.000%				
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.000%				
	2022	2.500%				
	2023	3.000%				
	2024	3.000%				
	2025	3.000%				
	2026	3.000%				
	2027	3.000%				
	2028	3.000%				
	2029	3.200%				
	2030	3.200%				
STERNE AGEE Birmingham, Alabama	2016	3.000%		\$3,501,341.95	\$817,637.77	2.8384%
	2017	3.000%				
	2018	3.000%				
	2019	3.000%				
	2020	3.000%				
	2021	3.000%				
	2022	3.000%				
	2023	3.000%				
	2024	3.250%				
	2025	3.250%				
	2026	3.500%				
	2027	3.500%				
	2028	3.750%				
	2029	3.750%				
	2030	3.750%				



# City of Newport, Minnesota

## \$3,235,000 General Obligation Improvement Bonds, Series 2014A Issue Summary

### Total Issue Sources And Uses

Dated 07/15/2014 | Delivered 07/15/2014

	Improvement Portion	Utility Portion	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$2,295,000.00	\$940,000.00	\$3,235,000.00
Reoffering Premium	100,884.30	39,134.05	140,018.35
Prepaid Special Assessments	102,702.11	28,918.09	131,620.20
Existing City Cash (2013 Bond Proceeds)	42,165.80	14,055.27	56,221.07
<b>Total Sources</b>	<b>\$2,540,752.21</b>	<b>\$1,022,107.41</b>	<b>\$3,562,859.62</b>
<b>Uses Of Funds</b>			
Total Underwriter's Discount (0.912%)	20,926.60	8,571.24	29,497.84
Costs of Issuance	30,933.90	12,670.10	43,604.00
Deposit to Project Construction Fund	2,488,891.71	1,000,866.07	3,489,757.78
<b>Total Uses</b>	<b>\$2,540,752.21</b>	<b>\$1,022,107.41</b>	<b>\$3,562,859.62</b>

# City of Newport, Minnesota

## \$3,235,000 General Obligation Improvement Bonds, Series 2014A

### Issue Summary

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/15/2014	-	-	-	-	-
02/01/2015	-	-	53,661.80	53,661.80	53,661.80
08/01/2015	-	-	49,281.25	49,281.25	-
02/01/2016	100,000.00	3.000%	49,281.25	149,281.25	198,562.50
08/01/2016	-	-	47,781.25	47,781.25	-
02/01/2017	340,000.00	3.000%	47,781.25	387,781.25	435,562.50
08/01/2017	-	-	42,681.25	42,681.25	-
02/01/2018	215,000.00	3.000%	42,681.25	257,681.25	300,362.50
08/01/2018	-	-	39,456.25	39,456.25	-
02/01/2019	220,000.00	3.000%	39,456.25	259,456.25	298,912.50
08/01/2019	-	-	36,156.25	36,156.25	-
02/01/2020	225,000.00	3.000%	36,156.25	261,156.25	297,312.50
08/01/2020	-	-	32,781.25	32,781.25	-
02/01/2021	230,000.00	3.000%	32,781.25	262,781.25	295,562.50
08/01/2021	-	-	29,331.25	29,331.25	-
02/01/2022	230,000.00	3.000%	29,331.25	259,331.25	288,662.50
08/01/2022	-	-	25,881.25	25,881.25	-
02/01/2023	240,000.00	3.000%	25,881.25	265,881.25	291,762.50
08/01/2023	-	-	22,281.25	22,281.25	-
02/01/2024	240,000.00	3.000%	22,281.25	262,281.25	284,562.50
08/01/2024	-	-	18,681.25	18,681.25	-
02/01/2025	245,000.00	3.000%	18,681.25	263,681.25	282,362.50
08/01/2025	-	-	15,006.25	15,006.25	-
02/01/2026	180,000.00	3.000%	15,006.25	195,006.25	210,012.50
08/01/2026	-	-	12,306.25	12,306.25	-
02/01/2027	180,000.00	3.000%	12,306.25	192,306.25	204,612.50
08/01/2027	-	-	9,606.25	9,606.25	-
02/01/2028	190,000.00	3.000%	9,606.25	199,606.25	209,212.50
08/01/2028	-	-	6,756.25	6,756.25	-
02/01/2029	195,000.00	3.250%	6,756.25	201,756.25	208,512.50
08/01/2029	-	-	3,587.50	3,587.50	-
02/01/2030	205,000.00	3.500%	3,587.50	208,587.50	212,175.00
<b>Total</b>	<b>\$3,235,000.00</b>	<b>-</b>	<b>\$836,811.80</b>	<b>\$4,071,811.80</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$27,126.28
Average Life	8.385 Years
Average Coupon	3.0848751%
Net Interest Cost (NIC)	2.6774454%
True Interest Cost (TIC)	2.6121695%
Bond Yield for Arbitrage Purposes	2.4314995%
All Inclusive Cost (AIC)	2.7937310%

### IRS Form 8038

Net Interest Cost	2.4864116%
Weighted Average Maturity	8.303 Years

# City of Newport, Minnesota

\$3,235,000 General Obligation Improvement Bonds, Series 2014A

Issue Summary

## Levy Schedule

Date	Principal	Coupon	Interest	Total P+I	Net D/S	Net DS * 1.05%	Special Asmnt	Sanitary Sewer (50%)	Water (30%)	Strom (20%)	Levy Amount
02/01/2015	-	-	53,661.80	53,661.80	53,661.80	56,344.89	-	(8,196.27)	(4,917.76)	(3,278.51)	39,952.35
02/01/2016	100,000.00	3.000%	98,562.50	198,562.50	198,562.50	208,490.63	(105,164.55)	(35,001.60)	(21,000.96)	(14,000.64)	33,322.89
02/01/2017	340,000.00	3.000%	95,562.50	435,562.50	435,562.50	457,340.63	(102,106.57)	(34,392.53)	(20,635.52)	(13,757.01)	286,449.00
02/01/2018	215,000.00	3.000%	85,362.50	300,362.50	300,362.50	315,380.63	(99,048.59)	(33,783.46)	(20,270.08)	(13,513.38)	148,765.12
02/01/2019	220,000.00	3.000%	78,912.50	298,912.50	298,912.50	313,858.13	(95,990.62)	(33,174.39)	(19,904.63)	(13,269.76)	151,518.73
02/01/2020	225,000.00	3.000%	72,312.50	297,312.50	297,312.50	312,178.13	(92,932.63)	(35,190.33)	(21,114.20)	(14,076.13)	148,864.85
02/01/2021	230,000.00	3.000%	65,562.50	295,562.50	295,562.50	310,340.63	(89,874.66)	(34,502.51)	(20,701.50)	(13,801.00)	151,460.96
02/01/2022	230,000.00	3.000%	58,662.50	288,662.50	288,662.50	303,095.63	(86,816.68)	(33,814.69)	(20,288.81)	(13,525.88)	148,649.57
02/01/2023	240,000.00	3.000%	51,762.50	291,762.50	291,762.50	306,350.63	(83,758.71)	(35,751.87)	(21,451.12)	(14,300.75)	151,088.18
02/01/2024	240,000.00	3.000%	44,562.50	284,562.50	284,562.50	298,790.63	(80,700.72)	(34,985.31)	(20,991.18)	(13,994.12)	148,119.30
02/01/2025	245,000.00	3.000%	37,362.50	282,362.50	282,362.50	296,480.63	(77,642.74)	(34,218.74)	(20,531.24)	(13,687.50)	150,400.41
02/01/2026	180,000.00	3.000%	30,012.50	210,012.50	210,012.50	220,513.13	-	(33,770.63)	(20,262.38)	(13,508.25)	152,971.88
02/01/2027	180,000.00	3.000%	24,612.50	204,612.50	204,612.50	214,843.13	-	(32,904.38)	(19,742.63)	(13,161.75)	149,034.38
02/01/2028	190,000.00	3.000%	19,212.50	209,212.50	209,212.50	219,673.13	-	(34,663.13)	(20,797.88)	(13,865.25)	150,346.88
02/01/2029	195,000.00	3.250%	13,512.50	208,512.50	208,512.50	218,938.13	-	(33,718.13)	(20,230.88)	(13,487.25)	151,501.88
02/01/2030	205,000.00	3.500%	7,175.00	212,175.00	212,175.00	222,783.75	-	(35,319.38)	(21,191.63)	(14,127.75)	152,145.00
<b>Total</b>	<b>\$3,235,000.00</b>	<b>-</b>	<b>\$836,811.80</b>	<b>\$4,071,811.80</b>	<b>\$4,071,811.80</b>	<b>\$4,275,402.39</b>	<b>(914,036.47)</b>	<b>(523,387.30)</b>	<b>(314,032.38)</b>	<b>(209,354.92)</b>	<b>\$2,314,591.31</b>