



**City of Newport  
City Council Minutes  
September 19, 2013**

**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; Tom Ingemann; Bill Sumner, Tracy Rahm, Steven Gallagher

**Council Absent** –

**Staff Present** – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Fritz Knaak, City Attorney; John Stewart, City Engineer;

**Staff Absent** – Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst;

**4. ADOPT AGENDA**

**Motion by Gallagher, seconded by Sumner, to adopt the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.**

**5. ADOPT CONSENT AGENDA**

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

- A. Minutes of the September 5, 2013 Regular City Council Meeting
- B. List of Bills in the Amount of \$129,952.24
- C. **Resolution No. 2013-44** – Authorizing the Mayor and City Administrator to Execute and Enter into Mn/DOT Agreement No. 04428 with the State of Minnesota, Department of Transportation in Regards to the Mississippi River Trail

**With 5 Ayes, 0 Nays, the motion carried.**

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

**A. Mr. Keith Jacobus, ISD 833 Superintendent of School**

Mr. Keith Jacobus, ISD 833 Superintendent of School, presented on this item as attached.

**Mayor Geraghty** – I know during the budget cuts for the State there were some shifts with K-12 Funding, will the District get anything back if the State pays it back?

**Mr. Jacobus** – Yes. Any new money that is coming, the State has to pay the shift back first. We've been fortunate because we didn't have to take out any loans. That's the first obligation of the State.

**Mayor Geraghty** – What's the magnitude of those dollars and would they go back to the reserve fund?

**Mr. Jacobus** – It's not new money, its money we're already utilizing so we would just be shifting funds. We have a policy to stay within a 5% to 9% fund balance of our general fund.

**Councilman Rahm** – I think as elected officials we struggle with the same thing. We need to invest in our future and we look at raising taxes or levies at a certain percentage and people go home and look at their wages and ask how fast government is growing versus how fast their wages are growing. I would suggest that you try to show that in a percentage form and show the breakout of instructional funding per pupil and compare it to other districts because that's something I like to see and make sure to include the administrative costs.

**Mr. Jacobus** – We do have the data on administrative. Out of 48 districts, we were 46 out of 48 so we're way down there. Our budget \$175 million, 82% of that is in people to make sure we have the resources for kids. We have all of that information on our website. I do think it's important for people to know our view of not coming very often and cutting money and only asking for what we think we need. Out of this increase, a great percentage of this is to maintain where we are.

**Mayor Geraghty** – In regards to the long-term growth, we are a community school and I think it's important to have the consistency to go on to Oltman and on to East Ridge, do you see any changes there?

**Mr. Jacobus** – There's going to have to be some adjustments but I can't say what until we take a look at this. I'm proud of how supportive and loyal our communities are to their schools.

**Mayor Geraghty** – I think it's important to have that long-term, consistent flow.

**Councilman Rahm** – Thank you for coming.

**Admin. Hill** – I would like to introduce Jamie Smith, our new Library Attendant. She has worked at both Hennepin and Washington County libraries.

**Jamie Smith** – I'll be the new Library Attendant starting September 30. I'm coming from 12 years experience at Hennepin County and 3 years at Washington County. I look forward to something different and learning and hopefully using my current knowledge for good here. I really look forward to the experience it's going to give me and getting to know the community.

**Mayor Geraghty** – Thanks for coming in and accepting the job.

**Virgil Voller, 1685 Kolff Street** – First off, the Fire Department with the tickets they sold for the drawing, I never heard anything for the drawing.

**Councilman Ingemann** – I have a list that I can get to Virgil.

**Mr. Voller** – The Booya, it was kind of oily. Five years ago, I told one of you that all you need to do is add some feed. You would think somebody would have label on Booya after 60 years.

**Mayor Geraghty** – They always sell out.

**Councilman Ingemann** – I don't think it was greasy.

**Mr. Voller** – Our street, the lines in it around the curves on Woodbury, its local neighbors that are cutting the corners. Anybody who comes around it is always way across the line. Then with the streets, you're tearing up the tar curbs and putting in cement? In Woodbury, they're tearing up the cement and putting in tar. There must be a cut somewhere in the line here; someone has to be pocketing something. The deer hunt, the bow hunters get a bonus to shoot or do they come here and shoot them freely with no charge?

**Mayor Geraghty** – They don't get any bonus that I know of.

**Mr. Voller** – I know you were going to pay them.

**Mayor Geraghty** – We're not paying them anything.

**Mr. Voller** – I think it's a farce the way you're going around it but who am I?

**Mayor Geraghty** – You're a Newport resident.

**Mr. Voller** – I voted for all of you but it won't happen again.

**Mayor Geraghty** – That's your right.

**Councilman Ingemann** – I don't see anything from the Planning Commission on here.

**Admin. Hill** – No, they are not ready.

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

**8. COUNCIL REPORTS** –

**Councilman Rahm** – Nothing to report.

**Councilman Ingemann** – I was at the Planning Commission last week and I thought some of the stuff would be forwarded.

**Councilman Sumner** – I want to let people know that we had a HPC meeting on September 11. We're still looking forward to the 125 year anniversary of Newport. On September 13, I attended the Fire Department meat raffle and finally got a winning ticket.

**Councilman Gallagher** – Nothing to report.

**9. ADMINISTRATOR'S REPORT** –

**A. Resolution No. 2013-45 – Providing for the Issuance and Sale of \$1,480,000 General Obligation Improvement Bonds, Series 2013A, and Pledging Special Assessments and Levying a Tax for the Payment Thereof**

Todd Hagen, Ehler's and Associates presented on this item as outlined in the September 19, 2013 City Council packet and as attached. He also presented the City with its new Bond Rating. Prior to this, Moody's rated the City at an A-1 level. Standard and Poors rated the City at an AA level. The amount of the General Obligation Bond was reduced from \$1,480,000 to \$1,350,000 due to the number of assessments that were paid within the first 30 days with no interest. The interest rate for the bond is 2.652% so the assessment interest rate will be 4.152%.

**Councilman Sumner** – Can you state again why the amount went down?

**Mr. Hagen** – If you add up the net proceeds, the prepaid assessments, the premium that came in, the cost of issuance, and the discount you come to \$130,000 which you don't need to bond for. We have the ability to fluctuate like that on the day of sale.

**Motion by Geraghty, seconded by Rahm, to approve Resolution No. 2013-45 as amended providing for the issuance and sale of \$1,350,000 General Obligation Improvement Bonds, Series 2013A, and pledging special assessments and levying a tax for the payment thereof. With 5 Ayes, 0 Nays, the motion carried.**

**Admin. Hill** – We'll be putting the 1986 Fire Rescue Truck up for auction. Bruce will be coordinating that. Also, I had mentioned last week that the A & W site has been cleared off and I would be cutting a check for \$6,500 of the \$10,000 for the demolition. I was going to ask the Council to verbally approve of cutting the check for \$6,500 when he puts up a silt fence, which is required. It helps secure the site for future vegetation.

**Tim Murphy, 1156 Hastings Avenue** – I just wanted to say that I understand that there's some requirement for a silt fence. Is that a requirement no matter what the grade is and it's for a month?

**Engineer Stewart** – It is required until you get the vegetation. You don't need the fence for the upside of a property, only on the sides in which the runoff would drain off. It is a very flat piece of property and I think we would require the fence to put on the three sides that run off.

**Councilman Gallagher** – What is a silt fence?

**Engineer Stewart** – You'll see a black material fabric that is about 18 inches high during construction to prevent runoff.

**Mayor Geraghty** – So it could be removed next May?

**Engineer Stewart** – Typically, it's removed once the vegetation takes hold.

**Mr. Murphy** – This thing has kind of spiraled out of control for me. I understand the silt fence. The thought process was that if we plant seed before frost that it would germinate better and grow better and that was on advice from a number of different landscapers so I thought we'd wait until November 1 to plant and then in it'll come up in the spring. That's an increased cost on my side and I understand the need for it but I want you to understand that I went through some hazardous waste issues that I wasn't expecting so anything we can do to keep the costs down I would appreciate. There was talk about a MNDot standard where I need 4 inches of topsoil and I don't know if that's going to become a requirement now. I have the black dirt there, I don't know if I have 4 inches worth. According to the people I talked to the rye grass would grow in the dirt that is there. I brought in 4 loads of black dirt.

**Engineer Stewart** – To clarify, there are two different issues here. The first is the silt fence. We do not have the ability to vary from State Standards. Each project that comes into town, the City is responsible for ensuring that it is protected from erosion and the City has been scolded previously for not doing it as well as the State requires. This program started five years ago so we do not have a choice. When we specify the 4 inches, that's the minimum that MNDot requires for seed to grow. We're looking for a long-lived seed not just a rye growth and that's why you need 4 inches.

**Councilman Ingemann** – We're also looking at a possible sale of the property and a building going in there which would take everything out. This is a temporary position correct?

**Engineer Stewart** – How long do you think it'll take to sell the property?

**Councilman Gallagher** – That's unknown. I seem to remember that when we talked about the transit station, they reduced the amount of topsoil from 4 inches to 2 inches.

**Engineer Stewart** – I believe they went from 6 to 4.

**Mayor Geraghty** – What's the different in cost? What kind of mix are you recommending?

**Engineer Stewart** – Standard MNDot mix that runs in the order of \$200 per 50 lbs and it wouldn't need more than that.

**Mayor Geraghty** – Did you buy the seed yet?

**Mr. Murphy** – Yes. When this thing started we talked about leaving the blacktop there but that wasn't the right thing to do and then the gravel became an issue and then you said to throw some dirt and seed on there and now it's become this. It's spiraling out of control and I don't know where it'll end, this thing is costing me twice what I originally budgeted and I'm being penalized for trying to do it right. If I had left the blacktop I maybe could have rented it out to Imperial Campers for parking but I didn't do that, I tried to do the right thing to make you guys happy and in turn it is costing me money.

**Councilman Gallagher** – How much black dirt do you have now?

**Mr. Murphy** – I have enough for two inches.

**Councilman Gallagher** – And what's the soil underneath that?

**Mr. Murphy** – Sand, it's pretty loose.

**Engineer Stewart** – We are looking at performance standard here. If you want to give the applicant the ability to go with what he has and require him to put down more if it doesn't grow that would be fine.

**Councilman Rahm** – I would try with what you have now and we'll see how it looks then.

**Admin. Hill** – I'm holding back \$3,500 for the seed; do I hold that back until we know it's seeded? Otherwise we lose our leverage.

**Mayor Geraghty** – I think we could release it in November.

**Mr. Murphy** – I have the receipt for the seed.

**Admin. Hill** – Seeding and growth are two different things.

**Mr. Murphy** – If you talk to Martin he'll tell you that I've already talked with him about spreading the black dirt.

**Mayor Geraghty** – Was the seeding part of the agreement?

**Admin. Hill** – Yes.

**Mayor Geraghty** – Then we could go back and look at the forgiveness part if he doesn't comply.

**Councilman Sumner** – Do we anticipate any more costs?

**Engineer Stewart** – I don't know of any other erosion control issues.

**Superintendent Hanson** – Has the garage issue been satisfied?

**Admin. Hill** – That is another issue, the garage has never been part of the discussion. Per our ordinances, we cannot have an accessory structure without a principal structure.

**Councilman Ingemann** – The principal structure was just torn down.

**Admin. Hill** – He also put a new roof on the garage without a permit so that could have been corrected.

**Mr. Murphy** – I talked with Martin who did the work and he didn't think he needed a permit.

**Admin. Hill** – That's incorrect.

**Mayor Geraghty** – The City pushed the demolition which did not include the garage so I'm not inclined to tear that down.

**Councilman Rahm** – Does he need to come back for a variance because it doesn't meet our code?

**Mayor Geraghty** – The scope of the demolition should have included the garage but we didn't.

**Admin. Hill** – To reiterate, I can release the \$3,500 once it's seeded?

**Mayor Geraghty** – Yes, and you can issue the \$6,500 now.

**Mr. Murphy** – I don't need 4 inches of top soil?

**Mayor Geraghty** – No.

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

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

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

**Councilman Gallagher** – Do we need Curt and Mark to come to each meeting?

**Mayor Geraghty** – They can provide an update once a month.

**13. ENGINEER'S REPORT** –

**A. Task Order for the Well Head Protection Project**

John Stewart, City Engineer, presented on this item as outlined in the September 19, 2013 City Council packet.

**Mayor Geraghty** – What does this program do and what if we don't do it?

**Engineer Stewart** – If you don't do it you'll run into problems with the Department of Health if you ever need to do anything with your water system. What you get is a document that shows where you cannot locate hazardous material producers or users, where you can put in ponds that have infiltration systems. You don't have any control over it, the State is mandating it. We have to have GIS mapping that shows everyone who uses hazardous materials in town and we applied for a grant to do that.

**Councilman Rahm** – This will be done by August next year?

**Engineer Stewart** – Yes, I believe I'll be done by next spring.

**Councilman Rahm** – So will we pay for it this year or next year?

**Engineer Stewart** – I would propose to start in October if you were to issue it tonight. We can postpone billing until next year but we could get it done by December 31.

**Councilman Rahm** – This is an example of an unbudgeted expense so I would ask where it fits better.

**Councilman Gallagher** – This is an example of an unfunded mandate.

**Councilman Rahm** – So do we do it now or next year?

**Councilman Gallagher** – Do we have \$15,000 in this year's budget?

**Admin. Hill** – This would come out of the water fund.

**Mayor Geraghty** – I say we do it this year.

**Councilman Gallagher** – Have you done this for other cities?

**Engineer Stewart** – Deb asked us how much we could do it for St. Paul Park and that came in at \$25,000, I do believe we're being cognizant of the City's budget. We did the previous model and have everything to load in we just need a different computer model to put it into it.

**Councilman Rahm** – This new model, does it take into consideration the water table?

**Superintendent Hanson** – The model tells us what we're doing with ground water.

**Engineer Stewart** – The previous model was two dimensional and this one considers up flow and down flow. It sounds like something you don't need to do but you do.

**Councilman Sumner** – Does this identify all of the hazardous producers in town?

**Engineer Stewart** – This does not include it, we've applied for a grant for \$6,500 to do that and that will come out next month.

**Councilman Sumner** – You feel strongly that that grant will come through?

**Engineer Stewart** – I can't guarantee it.

**Mayor Geraghty** – When is the next time you'll need to do this?

**Engineer Stewart** – Ten years.

**Motion by Ingemann, seconded by Gallagher to approve the Well Head Protection Task Order for \$15,000. With 5 Ayes, 0 Nays, the motion carried.**

**Engineer Stewart** – Just an update on the street projects. All of the underground work has been done, the contractor is moving ahead with curbs and they're anticipating being done by frost. Did the newsletter you receive answer the questions you thought were out there?

**Councilman Gallagher** – Yes.

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

**Superintendent Hanson** – They did mill Century today north of Glen Road. The bricks have been delivered to Braham Monument and they are being etched. We bought 60 bricks this time. We'll do another order next year.

**Mayor Geraghty** – It looks good.

**Councilman Gallagher** – Has there been any more vandalism up at Bailey School Forest?

**Superintendent Hanson** – We’ve had some more attempts but it’s been slow the last week or so.

**Mayor Geraghty** – Could we put some cameras up there?

**Superintendent Hanson** – That’s a possibility.

**15. NEW/OLD BUSINESS**

**16. ADJOURNMENT**

**Motion by Ingemann, seconded by Gallagher, to adjourn the regular Council Meeting at 6:50 P.M. With 5 Ayes, 0 Nays, the motion carried.**

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

Respectfully Submitted,

Renee Helm  
Executive Analyst



# STEPPING Into the FUTURE

igniting a passion



South Washington County Schools

**NOV. 5, 2013 ELECTION**

**2018** » And beyond

**2017** » Operating Levy expires  
\$14.9 million

**2016** » Tech Levy expires \$1 million

**2015** » Potential bond for  
new building

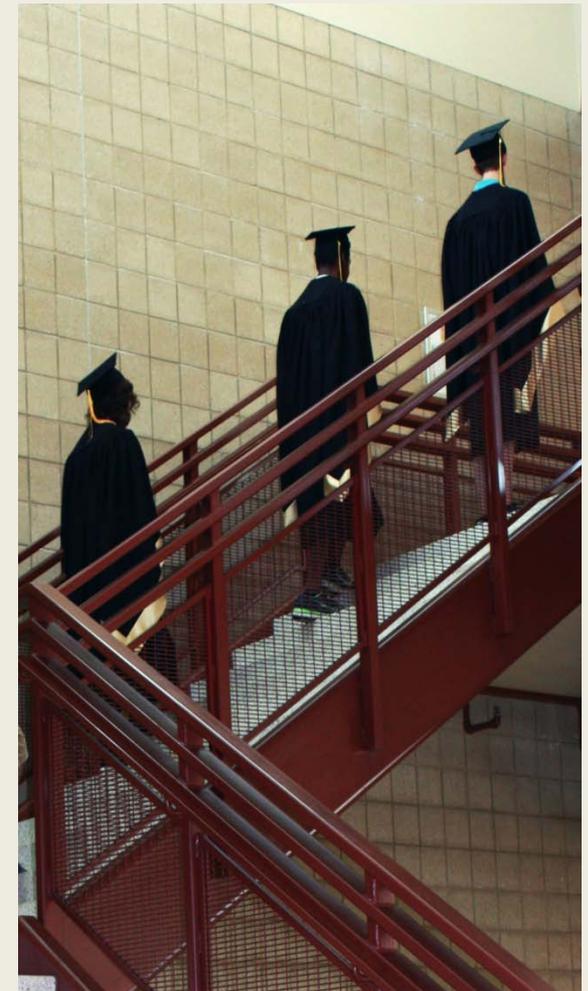
**2013** » Renew operating \$4.6 million (Question 1)  
» Add operating \$6.9 million (Question 2)  
» Land \$8 million (Question 3)



# Fall 2013 Referendum Questions



- **Q<sup>1</sup>** Renewal of the district's expiring referendum, which generates approximately \$4.6 million annually for the general fund.
- **Q<sup>2</sup>** Increases the operating referendum by \$337 per pupil or a total of approximately \$6.9 million for the general fund, beginning in 2014-15 annually for the next ten years.
- **Q<sup>3</sup>** Requests \$8 million for the purchase and betterment of land to meet future building needs.



# What will this cost taxpayers?

<b>Estimated Monthly Taxes for 2014</b>			
	<b>\$125,000 Valued Home</b>	<b>\$250,000 Valued Home</b>	<b>\$400,000 Valued Home</b>
Change from 2013 taxes*	-\$8.80	-\$18	-\$28.25
Q1 renewed	+\$3.60	+\$ 7	+\$11.40
Q2 approved	+\$7.80	+\$16	+\$25.00
Q3 approved	+\$ .35	+\$ 1	+\$ 1.50
<b>Total if all three approved</b>	<b>+ \$3 / month</b>	<b>+ \$6 / month</b>	<b>+ \$10 / month</b>

\*Property tax relief due to legislative action allowed for a decrease in your school portion of your property taxes beginning in 2014.

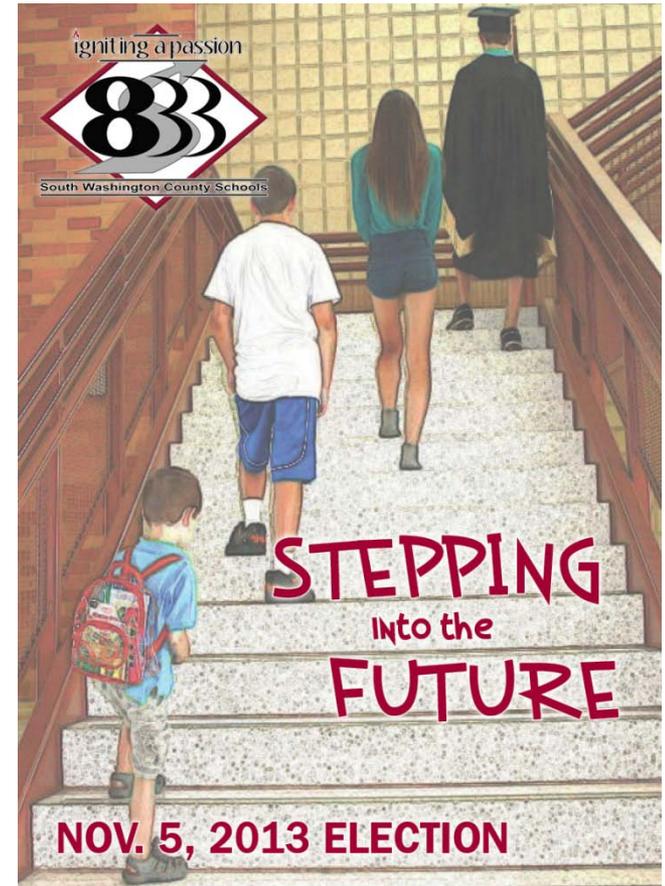


- Approval of the three questions will support District 833 students through:
  - Instructional excellence;
  - Safe and secure schools;
  - Services to support the academic and mental health needs of students;
  - Technology infrastructure to support personalized learning; and
  - Support for future facility needs.

# Stepping Into the Future



- Up-to-date information:
  - [www.sowashco.k12.mn.us/Election2013](http://www.sowashco.k12.mn.us/Election2013)
- Parent University Meetings
  - Sept. 23 – East Ridge High School, 6 p.m.
  - Sept. 25 – District Service Center, 10 a.m.
  - Sept. 30 – Woodbury High School, 6 p.m.
  - Oct. 2 – Park High School, 6 p.m.
- Email: [Election2013@sowashco.k12.mn.us](mailto:Election2013@sowashco.k12.mn.us)
- Phone: 651-458-6360



September 19, 2013

# Bond Sale Report

City of Newport, Minnesota

\$1,350,000 General Obligation  
Improvement Bonds, Series 2013A



## City of Newport, Minnesota Results of Bond Sale – September 19, 2013

\$1,350,000

### General Obligation Improvement Bonds, Series 2013A

**Purpose:** The purpose of financing the 2013 Road Reconstruction Projects in the City.

**Rating:** Standard & Poor's "AA" w/Stable Outlook/"Strong" FMA

**Number of Bids:** 2

**Low Bidder:** United Bankers' Bank, Minneapolis, Minnesota

**True Interest Cost:** 2.6520%

Interest Savings from Lowest to Highest Bid:	Low Bid 2.6199%	High Bid 2.7142%	Interest Savings \$5,772
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Summary of Results:	Projected 8/22	Results of Sale	Difference
Principal Amount:	\$1,480,000	\$1,350,000	-\$130,000
Net Proceeds:	\$1,427,240	\$1,426,401	-\$839
Prepaid Assessments:	\$0	\$75,268	\$75,268
Premium Offered:	\$0	\$32,067	\$32,067
Discount Allowance:	\$17,760	\$0	-\$17,760
Cost of Issuance:	\$35,000	\$30,934	-\$4,066
True Interest Cost:	3.0039%	2.6520%	-0.35%
BBI Trend:	4.80%	4.93%	0.13%

**Closing Date:** October 15, 2013

**Council Action:** Resolution Providing for the Issuance and Sale of \$1,350,000 General Obligation Improvement Bonds, Series 2013A, and Pledging Special Assessments and Levying a Tax for the Payment Thereof

**Attachments:**

- Bid Tabulation
- Updated Debt Service Schedules
- Rating Report
- BBI Graph
- Bond Resolution (Distributed in Council Packets)

# BID TABULATION

**\$1,480,000\* General Obligation Improvement Bonds, Series 2013A**

**CITY OF NEWPORT, MINNESOTA**

**SALE:** September 19, 2013

**AWARD:** UNITED BANKERS' BANK

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

**BBI:** 4.93%

NAME OF BIDDER	MATURITY (February 1)	RATE	REOFFERING YIELD	PRICE	NET INTEREST COST	TRUE INTEREST RATE
UNITED BANKERS' BANK Bloomington, Minnesota	2015	0.450%	0.450%	\$1,515,325.00	\$300,782.04	2.6199%
	2016	0.750%	0.750%			
	2017	0.950%	0.950%			
	2018	1.350%	1.350%			
	2019	1.700%	1.700%			
	2020	1.850%	1.850%			
	2021**	3.500%	1.950%			
	2022**	3.500%	1.950%			
	2023**	3.500%	1.950%			
	2024**	3.500%	1.950%			
	2025***	3.500%	3.500%			
	2026***	3.500%	3.500%			
	2027***	3.500%	3.500%			
	2028***	3.500%	3.500%			
2029***	3.500%	3.500%				
BAIRD Milwaukee, Wisconsin	2015	2.000%		\$1,485,906.60	\$306,553.66	2.7142%
	2016	2.000%				
	2017	2.000%				
	2018	2.000%				
	2019	2.000%				
	2020	2.000%				
	2021	2.250%				
	2022	2.500%				
	2023	2.750%				
	2024	3.000%				
	2025	3.450%				
	2026	3.450%				
	2027	3.450%				
	2028	3.450%				
2029	3.450%					

\*Subsequent to bid opening the issue size was decreased to \$1,350,000.

Adjusted Price - \$1,382,066.55

Adjusted Net Interest Cost - \$284,443.02

Adjusted TIC - 2.6520%

\*\*\$500,000 Term Bond due 2024 with mandatory redemption in 2021-2023 (Adjusted amount of \$455,000)

\*\*\*\$310,000 Term Bond due 2029 with mandatory redemption in 2025-2028 (Adjusted amount of \$305,000)

[www.ehlers-inc.com](http://www.ehlers-inc.com)



**Minnesota**  
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**phone** 651-697-8500  
**fax** 651-697-8555

3060 Centre Pointe Drive  
Roseville, MN 55113-1122

# City of Newport, Minnesota

\$1,350,000 General Obligation Improvement Bonds, Series 2013A

## Sources & Uses

Dated 10/15/2013 | Delivered 10/15/2013

### Sources Of Funds

Par Amount of Bonds	\$1,350,000.00
Reoffering Premium	65,479.05
Prepaid Assessments	75,268.00
<b>Total Sources</b>	<b>\$1,490,747.05</b>

### Uses Of Funds

Total Underwriter's Discount (2.475%)	33,412.50
Costs of Issuance	30,934.00
Deposit to Project Construction Fund	1,422,911.00
Deposit to Project Fund (Rounding)	3,489.55
<b>Total Uses</b>	<b>\$1,490,747.05</b>



# City of Newport, Minnesota

## \$1,350,000 General Obligation Improvement Bonds, Series 2013A

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
10/15/2013	-	-	-	-	-
08/01/2014	-	-	26,838.32	26,838.32	-
02/01/2015	75,000.00	0.450%	16,891.25	91,891.25	118,729.57
08/01/2015	-	-	16,722.50	16,722.50	-
02/01/2016	100,000.00	0.750%	16,722.50	116,722.50	133,445.00
08/01/2016	-	-	16,347.50	16,347.50	-
02/01/2017	100,000.00	0.950%	16,347.50	116,347.50	132,695.00
08/01/2017	-	-	15,872.50	15,872.50	-
02/01/2018	105,000.00	1.350%	15,872.50	120,872.50	136,745.00
08/01/2018	-	-	15,163.75	15,163.75	-
02/01/2019	105,000.00	1.700%	15,163.75	120,163.75	135,327.50
08/01/2019	-	-	14,271.25	14,271.25	-
02/01/2020	105,000.00	1.850%	14,271.25	119,271.25	133,542.50
08/01/2020	-	-	13,300.00	13,300.00	-
02/01/2021	110,000.00	3.500%	13,300.00	123,300.00	136,600.00
08/01/2021	-	-	11,375.00	11,375.00	-
02/01/2022	110,000.00	3.500%	11,375.00	121,375.00	132,750.00
08/01/2022	-	-	9,450.00	9,450.00	-
02/01/2023	115,000.00	3.500%	9,450.00	124,450.00	133,900.00
08/01/2023	-	-	7,437.50	7,437.50	-
02/01/2024	120,000.00	3.500%	7,437.50	127,437.50	134,875.00
08/01/2024	-	-	5,337.50	5,337.50	-
02/01/2025	55,000.00	3.500%	5,337.50	60,337.50	65,675.00
08/01/2025	-	-	4,375.00	4,375.00	-
02/01/2026	60,000.00	3.500%	4,375.00	64,375.00	68,750.00
08/01/2026	-	-	3,325.00	3,325.00	-
02/01/2027	60,000.00	3.500%	3,325.00	63,325.00	66,650.00
08/01/2027	-	-	2,275.00	2,275.00	-
02/01/2028	65,000.00	3.500%	2,275.00	67,275.00	69,550.00
08/01/2028	-	-	1,137.50	1,137.50	-
02/01/2029	65,000.00	3.500%	1,137.50	66,137.50	67,275.00
<b>Total</b>	<b>\$1,350,000.00</b>	<b>-</b>	<b>\$316,509.57</b>	<b>\$1,666,509.57</b>	<b>-</b>

### Yield Statistics

Bond Year Dollars	\$10,422.50
Average Life	7.720 Years
Average Coupon	3.0367913%
Net Interest Cost (NIC)	2.7291247%
True Interest Cost (TIC)	2.6520154%
Bond Yield for Arbitrage Purposes	2.3027302%
All Inclusive Cost (AIC)	2.9860809%

### IRS Form 8038

Net Interest Cost	2.2819151%
Weighted Average Maturity	7.772 Years

# City of Newport, Minnesota

## \$1,350,000 General Obligation Improvement Bonds, Series 2013A

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	105% of Total	Assessments	Utility Revenue	Levy/(Surplus)
02/01/2014	-	-	-	-	-	-	-	-
02/01/2015	75,000.00	0.450%	43,729.57	118,729.57	124,666.05	33,578.83	22,380.30	68,706.92
02/01/2016	100,000.00	0.750%	33,445.00	133,445.00	140,117.25	48,585.62	22,380.30	69,151.33
02/01/2017	100,000.00	0.950%	32,695.00	132,695.00	139,329.75	48,585.61	22,380.30	68,363.84
02/01/2018	105,000.00	1.350%	31,745.00	136,745.00	143,582.25	48,585.62	22,380.30	72,616.33
02/01/2019	105,000.00	1.700%	30,327.50	135,327.50	142,093.88	48,585.61	22,380.30	71,127.97
02/01/2020	105,000.00	1.850%	28,542.50	133,542.50	140,219.63	48,585.62	22,380.30	69,253.71
02/01/2021	110,000.00	3.500%	26,600.00	136,600.00	143,430.00	48,585.61	22,380.30	72,464.09
02/01/2022	110,000.00	3.500%	22,750.00	132,750.00	139,387.50	48,585.61	22,380.30	68,421.59
02/01/2023	115,000.00	3.500%	18,900.00	133,900.00	140,595.00	48,585.62	22,380.30	69,629.08
02/01/2024	120,000.00	3.500%	14,875.00	134,875.00	141,618.75	48,585.61	22,380.30	70,652.84
02/01/2025	55,000.00	3.500%	10,675.00	65,675.00	68,958.75	-	-	68,958.75
02/01/2026	60,000.00	3.500%	8,750.00	68,750.00	72,187.50	-	-	72,187.50
02/01/2027	60,000.00	3.500%	6,650.00	66,650.00	69,982.50	-	-	69,982.50
02/01/2028	65,000.00	3.500%	4,550.00	69,550.00	73,027.50	-	-	73,027.50
02/01/2029	65,000.00	3.500%	2,275.00	67,275.00	70,638.75	-	-	70,638.75
<b>Total</b>	<b>\$1,350,000.00</b>	<b>-</b>	<b>\$316,509.57</b>	<b>\$1,666,509.57</b>	<b>\$1,749,835.05</b>	<b>\$470,849.36</b>	<b>\$223,803.00</b>	<b>\$1,055,182.69</b>

### Significant Dates

Dated	10/15/2013
First Coupon Date	8/01/2014

### Yield Statistics

Bond Year Dollars	\$10,422.50
Average Life	7.720 Years
Average Coupon	3.0367913%
Net Interest Cost (NIC)	2.7291247%
True Interest Cost (TIC)	2.6520154%
Bond Yield for Arbitrage Purposes	2.3027302%
All Inclusive Cost (AIC)	2.9860809%

# City of Newport, Minnesota

\$1,350,000 General Obligation Improvement Bonds, Series 2013A

## Revenue Summary

DATE	Assessments	Sanitary Sewer	Watermain	Storm Sewer	TOTAL
02/01/2014	-	-	-	-	-
02/01/2015	33,578.83	16,730.70	2,747.40	2,902.20	55,959.13
02/01/2016	48,585.62	16,730.70	2,747.40	2,902.20	70,965.92
02/01/2017	48,585.61	16,730.70	2,747.40	2,902.20	70,965.91
02/01/2018	48,585.62	16,730.70	2,747.40	2,902.20	70,965.92
02/01/2019	48,585.61	16,730.70	2,747.40	2,902.20	70,965.91
02/01/2020	48,585.62	16,730.70	2,747.40	2,902.20	70,965.92
02/01/2021	48,585.61	16,730.70	2,747.40	2,902.20	70,965.91
02/01/2022	48,585.61	16,730.70	2,747.40	2,902.20	70,965.91
02/01/2023	48,585.62	16,730.70	2,747.40	2,902.20	70,965.92
02/01/2024	48,585.61	16,730.70	2,747.40	2,902.20	70,965.91
<b>Total</b>	<b>\$470,849.36</b>	<b>\$167,307.00</b>	<b>\$27,474.00</b>	<b>\$29,022.00</b>	<b>\$694,652.36</b>

# City of Newport, Minnesota

\$376,907 General Obligation Improvement Bonds, Series 2013A

Issue Summary

1.5% Over TIC - Equal P&I

## Total Issue Sources And Uses

Dated 01/01/2014 | Delivered 01/01/2014

	2014 Assessments	Deferred Assessments	Issue Summary
<b>Sources Of Funds</b>			
Par Amount of Bonds	\$270,332.00	\$106,575.00	\$376,907.00
Prepaid Assessments	72,368.00	2,900.00	75,268.00
<b>Total Sources</b>	<b>\$342,700.00</b>	<b>\$109,475.00</b>	<b>\$452,175.00</b>
<b>Uses Of Funds</b>			
Deposit to Project Construction Fund	342,700.00	109,475.00	452,175.00
<b>Total Uses</b>	<b>\$342,700.00</b>	<b>\$109,475.00</b>	<b>\$452,175.00</b>

# City of Newport, Minnesota

\$270,332 General Obligation Improvement Bonds, Series 2013A

2014 Assessments

1.5% Over TIC - Equal P&I

## Assessments

Date	Principal	Coupon	Interest	Total P+I
12/31/2014	22,360.05	4.150%	11,218.78	33,578.83
12/31/2015	23,287.99	4.150%	10,290.84	33,578.83
12/31/2016	24,254.45	4.150%	9,324.38	33,578.83
12/31/2017	25,261.01	4.150%	8,317.82	33,578.83
12/31/2018	26,309.34	4.150%	7,269.49	33,578.83
12/31/2019	27,401.18	4.150%	6,177.66	33,578.84
12/31/2020	28,538.32	4.150%	5,040.51	33,578.83
12/31/2021	29,722.66	4.150%	3,856.17	33,578.83
12/31/2022	30,956.16	4.150%	2,622.68	33,578.84
12/31/2023	32,240.84	4.150%	1,337.99	33,578.83
<b>Total</b>	<b>\$270,332.00</b>	<b>-</b>	<b>\$65,456.32</b>	<b>\$335,788.32</b>

## Significant Dates

Filing Date	1/01/2014
First Payment Date	12/31/2014

# City of Newport, Minnesota

\$106,575 General Obligation Improvement Bonds, Series 2013A

Deferred Assessments

1.5% Over TIC - Equal P&I

## Assessments

Date	Principal	Coupon	Interest	Total P+I
12/31/2014	-	-	-	-
12/31/2015	6,161.06	4.150%	8,845.73	15,006.79
12/31/2016	10,839.60	4.150%	4,167.18	15,006.78
12/31/2017	11,289.45	4.150%	3,717.34	15,006.79
12/31/2018	11,757.96	4.150%	3,248.82	15,006.78
12/31/2019	12,245.91	4.150%	2,760.87	15,006.78
12/31/2020	12,754.12	4.150%	2,252.66	15,006.78
12/31/2021	13,283.41	4.150%	1,723.37	15,006.78
12/31/2022	13,834.68	4.150%	1,172.10	15,006.78
12/31/2023	14,408.81	4.150%	597.97	15,006.78
<b>Total</b>	<b>\$106,575.00</b>	<b>-</b>	<b>\$28,486.04</b>	<b>\$135,061.04</b>

## Significant Dates

Filing Date	1/01/2014
First Payment Date	12/31/2015

# RatingsDirect®

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## Summary:

# Newport, Minnesota; General Obligation

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## Summary:

# Newport, Minnesota; General Obligation

### Credit Profile

US\$1.48 mil GO imp bnds ser 2013A

Long Term Rating

AA/Stable

New

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Newport, Minn.'s series 2013A general obligation (GO) improvement bonds based on our recently released local GO criteria. The outlook is stable.

A pledge of the city's full-faith-credit-and-resources and an agreement to levy ad valorem property taxes without limitation as to rate or amount secure these bonds. For the series 2013A, the city expects to pay debt service from a combination of special assessments levied against properties that benefit from improvements financed by the bonds and from ad valorem property taxes. It is our understanding that officials will use series 2013A bond proceeds for various public improvements within the city.

The rating reflects our assessment of the city's:

- Strong economy, which benefits from access and participation in the broad and diverse Minneapolis-St. Paul (Twin Cities) metropolitan area economy;
- Very strong budgetary flexibility with 2012 audited reserves at 67% of general fund expenditures;
- Very strong budgetary performance, which has produced consistent general fund results;
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures;
- Strong management conditions with good policy and consistent ability to maintain balanced budgets; and
- Adequate debt and contingent liabilities position, driven mostly by the city's high net direct debt.

### Strong economy

We consider Newport's economy to be strong with access to the broad and diverse economy of the Minneapolis-St. Paul (Twin Cities) metropolitan area. The city is 3.88 square miles, is located in Washington County, and serves an estimated current population of 3,460. Traditionally, county unemployment has tracked with the state and below the nation and was 5.3% for 2012. The city has what we consider to be good per capita incomes reflective of the ability of some residents accessing jobs in the neighboring areas. Newport has projected per capita Effective Buying Income spell out as a percent of U.S. at 91%. Net tax capacity has decreased by an average rate of 4% annually between 2010 and 2012, reflecting a recent recession and state legislative changes. The economic market value in 2012 is \$289.2 million and despite the recent decline in tax capacity, the per capita market value for the city was \$83,588 for fiscal 2013, which we consider very strong. City officials expect another slight decline in fiscal 2014 before stabilizing.

### Very strong budget flexibility

In our opinion, the city's budgetary flexibility remains very strong with reserves above 30% of expenditures for the past several years and no plans to significantly spend the reserves down. The city anticipates slightly higher reserves for

2013 than in 2012. For audited fiscal 2012, reserves were \$1.7 million or 67% of expenditures.

### **Very strong budgetary performance**

The city's budgetary performance in our view has been very strong overall with a surplus of 21% for the general fund in fiscal 2012 and a 14% surplus for the total governmental funds. Property tax revenues represented 65% of the total general fund revenues for fiscal 2012 while local government aid (LGA) contributed 21%. LGA has been consistent since 2010 after the state cut back the city's aid by nearly 24% in 2010. The city has been able to produce general fund surpluses despite drop in LGA and decrease net tax capacity. Officials say that recent state legislation that caps the raising of a property tax levy at 3% starting in fiscal 2014 will not affect the city. In addition, officials expect LGA to increase by 6.5% in fiscal 2014. We expect revenues from property taxes to remain at least flat to slight increases over the next several years as well as consistent LGA revenues and expect the city to continue to have similar surpluses as they have in the past few years.

### **Very strong liquidity**

Supporting the city's finances is what we consider to be very strong liquidity with total government available cash as a percent of total governmental fund expenditures and as a percent of debt service both above 100%. We believe the city has exceptional access to external liquidity. Newport has issued bonds over the past 10 years, all general obligation bonds.

### **Strong management**

We view the city's management conditions as strong with good financial practices, combined with a consistent ability to maintain balanced budgets. The city works closely with the assessor to collect assessed values and prepares its budget on a line by line item basis. Management provides the board with monthly reports on its budget to actuals. The city, with the help of a financial advisor, has developed and utilizes a 10-year long-term financial and capital plan, which it updates on an annual basis and shares with its board. The city does have a debt management policy that adheres to state guidelines. Management has a reserve policy whereby its goal is to maintain at least 50% of current budgeted operating expenditures in the general fund.

### **Adequate debt and contingent liability profile**

In our opinion, the city's debt and contingent liabilities profile is adequate with total governmental funds debt service as a percentage of total governmental funds expenditures at 9.5% and with net direct debt as a percentage of total governmental funds revenue at 59% and slated to rise. The city expects to have a bond issuance in 2014 for various public improvements. We expect debt issuance within the next two years will bring the net direct debt, including the new issuance, to roughly 83% of total governmental funds revenue. In 2011, the city had its first self-supporting debt to upgrade and modernize its infrastructure.

The city participates in the Minnesota Public Employees' Retirement Association to provide pension benefits for its general and police employees. Firefighters are covered by the Newport Firemen's Relief Assoc., which is the administrator of a single-employer defined-benefit pension plan. It has contributed 100% of the annual required contribution for each plan in each of the past three years. The city provides post-employment benefits (OPEB) through a defined-benefit plan administered by the city and is currently funding these obligations on a pay-as-you-go basis. As of Jan. 1, 2012, the city has an unfunded accrued liability of \$223,699 for this OPEB plan. The combined ARC pension

costs and OPEB pay-as you-go for fiscal 2012 were less than 10% of expenditures and we do not expect these costs to increase substantially in the near term.

### **Adequate institutional framework**

We consider the Institutional framework score for Minnesota cities as adequate. See Institutional Framework score for Minnesota.

## **Outlook**

The stable outlook reflects our view of the city's continued consistent financial performance and underlying economy supported by strong management.

We do not expect to change the rating in our two-year outlook horizon because we expect the city to maintain strong reserves and continue to participate in the broad and diverse Twin Cities metropolitan area economy.

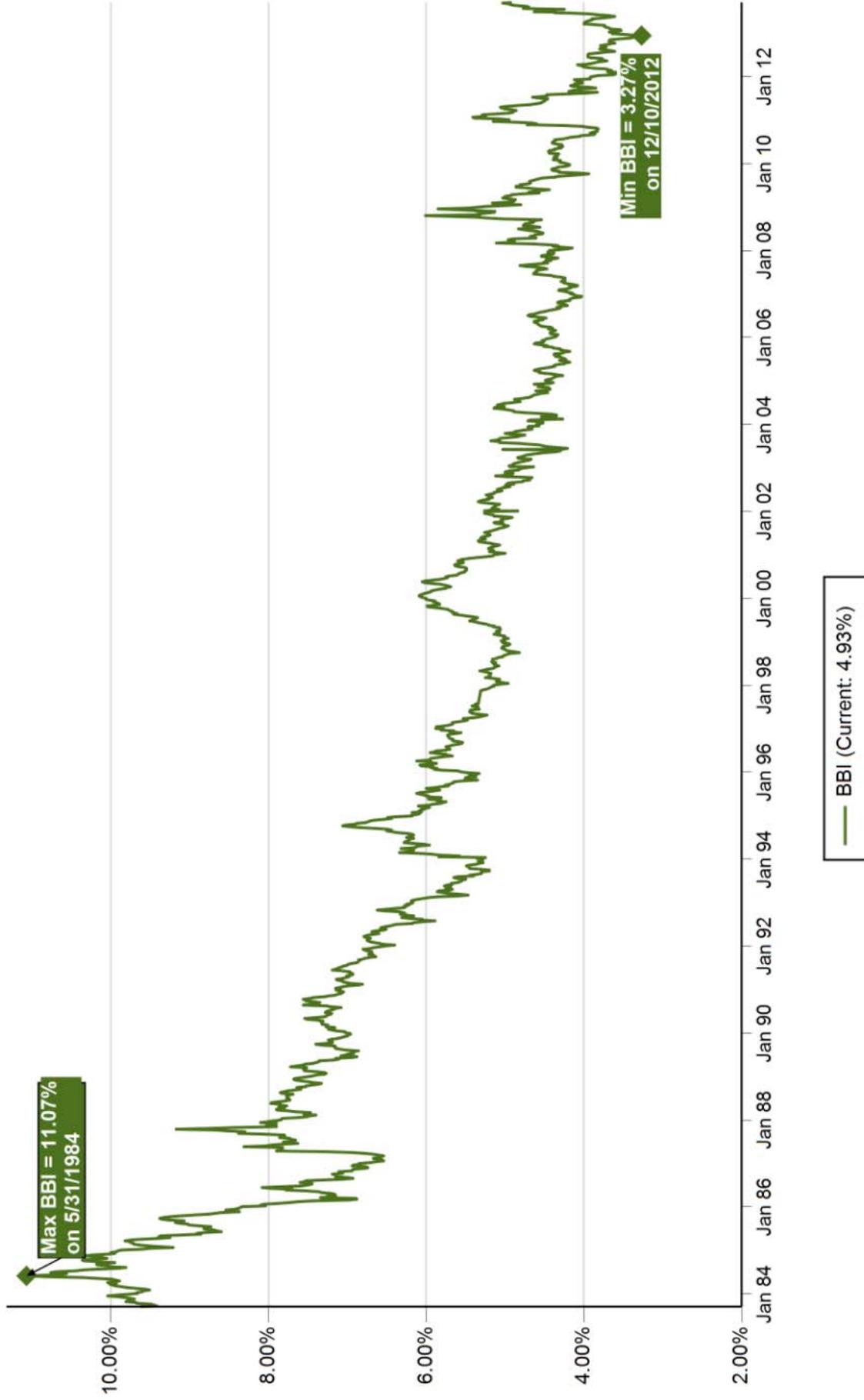
## **Related Criteria And Research**

- USPF Criteria Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Minnesota Local Governments

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# 30 YEAR TREND IN MUNICIPAL BOND INDICES

## Weekly Rates September, 1983 - September, 2013



The Bond Buyer "20 Bond Index" (BBI) shows average yields on a group of municipal bonds that mature in 20 years and have an average rating equivalent to Moody's Aa2 and S&P's AA

Source: The Bond Buyer



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