

City of East Bethel

City Council Agenda

Regular Council Meeting – 7:30 p.m.
Date: October 6, 2010



Item

- 7:30 PM **1.0 Call to Order**
- 7:31 PM **2.0 Pledge of Allegiance**
- 7:32 PM **3.0 Adopt Agenda**
- 7:34 PM **4.0 Reports/Presentations**
- A. Municipal Utilities
1. Public Hearing for Project 1, Phase One
2. Resolution 2010-57 Order Project and Plans and Specifications for Project 1 Phase One
- B. Utility Project Funding
1. Resolution 2010-58 Authorizing Recovery Zone Economic Development (RZED) Bond Sale
2. Resolution 2010-59 Authorizing Build America Bonds (BAB) Sale
- 9:00 PM **5.0 Public Forum**
- 9:15 PM **6.0 Consent Agenda**
- Any item on the consent agenda may be removed for consideration by request of any one Council Member and put on the regular agenda for discussion and consideration*
- Page 119-123 A. Approve Bills
- Page 124-139 B. Meeting Minutes, September 15, 2010 Regular Meeting
- Page 140 C. Personnel Policy Amendment – Voting Leave
- Page 141-142 D. Booster Park/Cedar Creek Trail – Wetland Replacement Credit Purchase
- Page 143 E. Resolution 2010-60 Temporary Permission to Accrue Excess Vacation

New Business

- 7.0 Commission, Association and Task Force Reports**
- 9:20 PM A. Planning Commission
1. Meeting Minutes, August 31, 2010 Regular Meeting
2. Discussion of Proposed Changes to City Code Appendix A Zoning, Section 10.18, Home Occupations.
- B. Park Commission (**No Report**)
- C. Road Commission (**No Report**)
- 8.0 Department Reports**
- A. Engineer (**No Report**)
- B. Attorney (**No Report**)
- C. Finance (**No Report**)
- D. Public Works (**No Report**)
- E. Planning and Inspection/Code Enforcement (**No Report**)
- F. Fire Department (**No Report**)

G. City Administrator (**No Report**)

9.0 Other

9:40 PM A. Council Reports

9:50 PM B. Other

10:00 PM **10.0 Adjourn**



City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 4.0 A.1

Agenda Item:

Public Hearing Project 1 Phase One Municipal Utilities

Requested Action:

Consider conducting a public hearing for Project 1 Phase One of the City’s municipal utilities work.

Background Information:

On September 15, 2010, Council received and reviewed the Feasibility Report for Project 1 Phase One of the City’s utility infrastructure project. From this, Council directed that a public hearing be noticed for a Public Hearing on this project for October 6, 2010.

Mr. Kreg Schmidt of Bolton and Menk will make a presentation regarding the project covering the construction activities and certain aspects of the financing.

We are recommending that Council conduct the Public Hearing whereat residents are permitted to address the City Council on this project.

Attachment(s):

- 1. Power Point Presentation-Bolton and Menk

Fiscal Impact:

As noted in the presentation.

Recommendation(s):

Staff is recommending Council conduct the Public Hearing for Project 1 Phase One of the Municipal Utility Project.

City Council Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required: _____

**Public Hearing
for
Phase I Project 1
Utility Infrastructure Improvements**



October 6, 2010

Why We Are Here

- Present Phase I Project 1 Scope to Benefiting and Affected Properties
- Present Estimated Financing and Funding Parameters
- Take Testimony and Questions from Audience
- Respond to Testimony and Questions
- City Council Consideration of Authorizing Preparation of Plans and Specifications for Phase I Project 1

Not Why We Are Here

- Levy Final Assessments
 - End of 2012
 - Payments Beginning in Spring 2013
- Award Construction Contracts
- Sell Bonds
- All Future Actions



Remaining City Council Steps

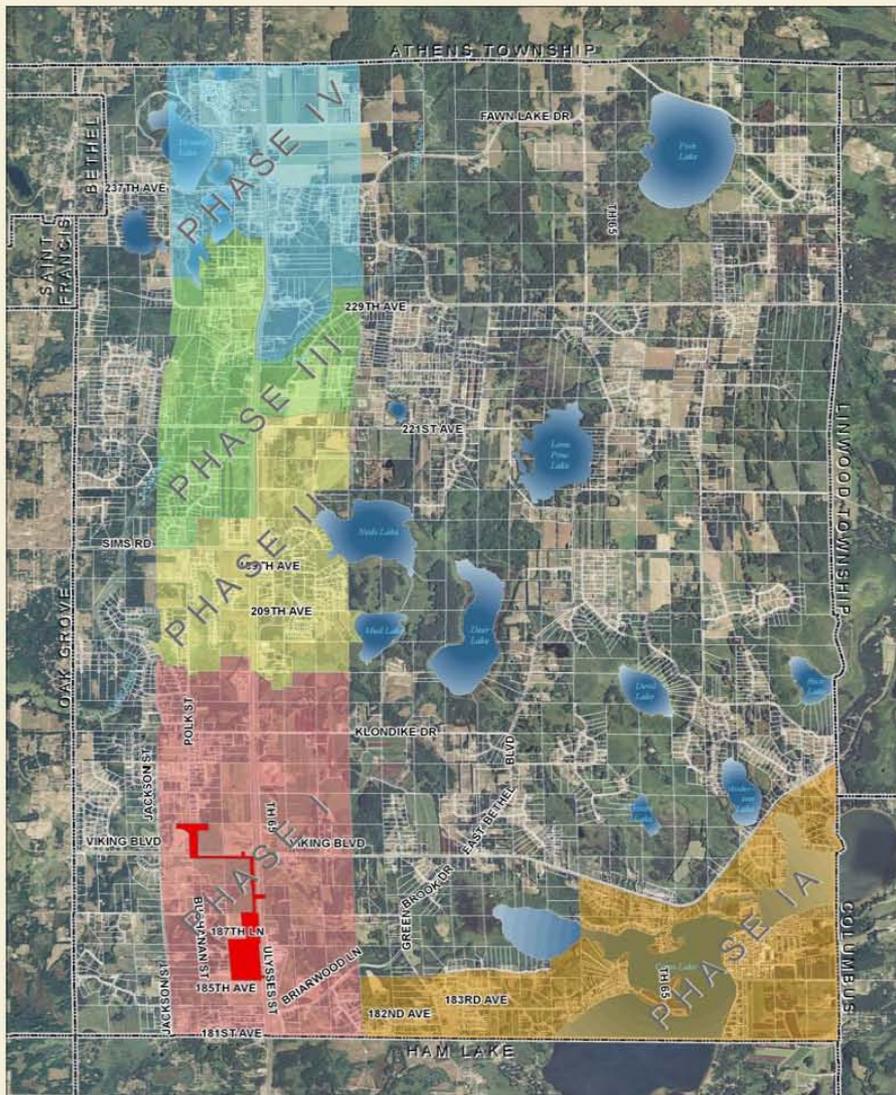
- Hold Public Hearing (*Tonight*)
- Authorize Preparation of Plans and Specifications (*Considered Tonight*)
- Accept Plans and Specifications
- Authorize Advertisement for Bids
- Receive Bids and Award Construction Contract
- Construct Project (*2011 – 2012*)
- Hold Public Hearing for Assessments (*Fall 2012*)
- Adopt Final Assessments (*Fall 2012 for Payable Beginning 2013*)

Project Location

- The Phase I Project 1 Project Generally Includes the SW $\frac{1}{4}$ of the Phase I Service Area Described in the “Facility Plan for Utility Infrastructure Needs”
- Generally Located in the Following Corridor:
 - $\frac{1}{4}$ to $\frac{1}{2}$ Mile West of TH 65
 - 185th Avenue to Viking Boulevard

Project Location

- Overall Municipal Utility Phasing Plan



LEGEND

- PHASE I
- PHASE IA
- PHASE II
- PHASE III
- PHASE IV
- Project Location



East Bethel
City of Bethel



Not to Scale





**FACILITY PLAN FOR
UTILITY INFRASTRUCTURE
PROJECT PHASING**
FIGURE NO. 1.2
September, 2010

**FEASIBILITY
STUDY**

LEGEND

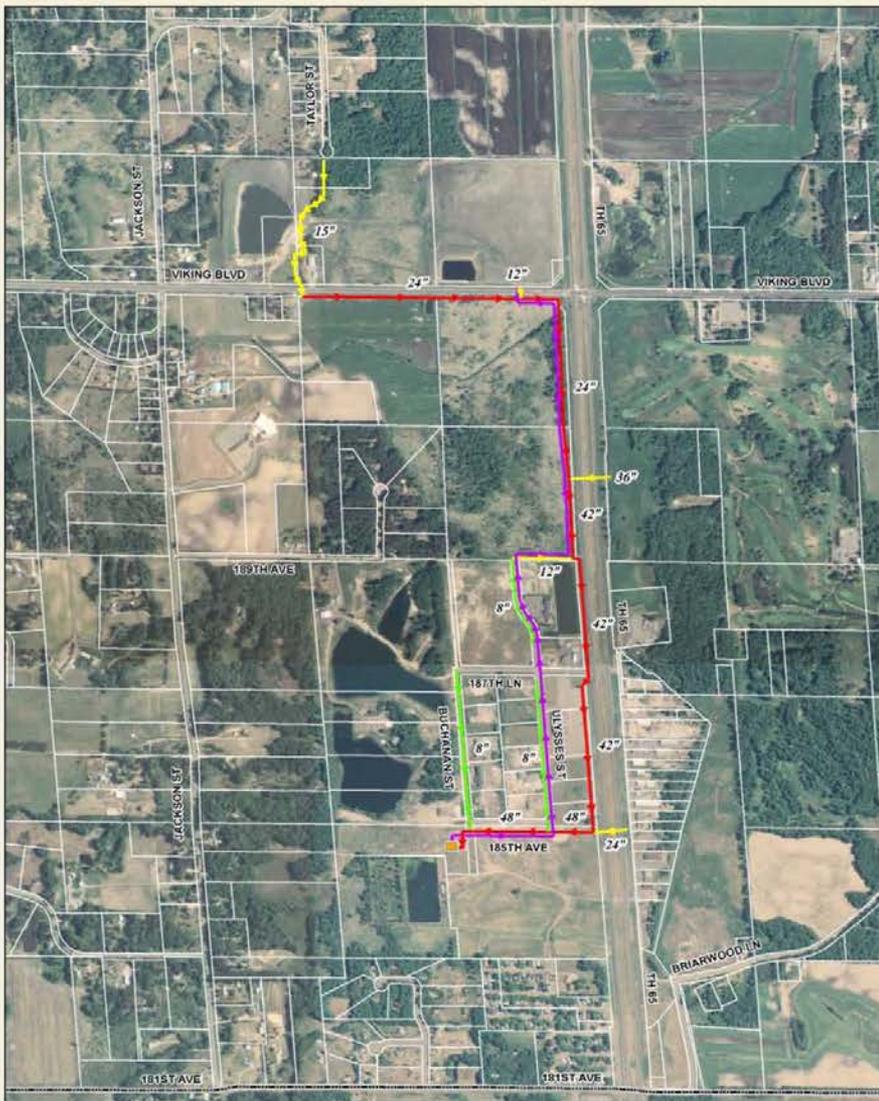
- PHASE I
- PHASE IA
- PHASE II
- PHASE III
- PHASE IV
- Project Location

Sanitary Sewer System

- The Sanitary Sewer System Includes Components Funded by Both the City and Metropolitan Council Environmental Services (MCES).
 - City of East Bethel:
 - Trunk Sanitary Sewer
 - Lateral Sanitary Sewer
 - MCES:
 - Waste Water Reclamation Facility (WWRF)
 - Interceptor Sewer
 - WWRF Discharge Piping and Rapid Infiltration Basins (RIBs)

Sanitary Sewer System

- Overall Project 1 Area System



LEGEND

- WWRP
- City Trunk Sanitary Sewer
- MCES Interceptor
- MCES Discharge
- City Lateral Sanitary Sewer




LEGEND

- WWRP
- City Trunk Sanitary Sewer
- MCES Interceptor
- MCES Discharge
- City Lateral Sanitary Sewer



FEASIBILITY STUDY

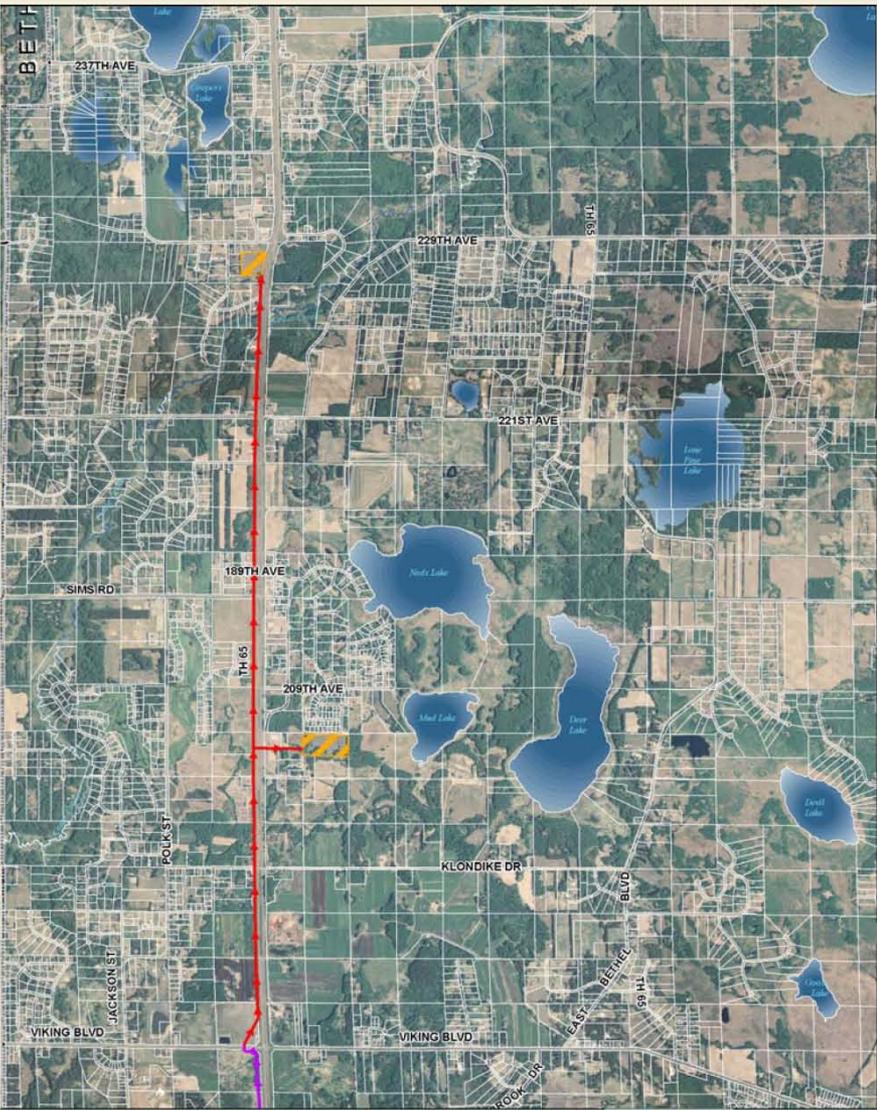
**PHASE I PROJECT 1
SANITARY SEWER**

FIGURE NO. 2.1

September, 2010

Sanitary Sewer System

- Discharge Piping and RIBs (By MCES)



LEGEND

- Potential MCES Rapid Infiltration Basin (RIB)
- MCES Discharge (This Project)
- Remaining MCES Discharge



LEGEND

- Potential MCES Rapid Infiltration Basin (RIB)
- MCES Discharge (This Project)
- Remaining MCES Discharge



FEASIBILITY STUDY

PHASE I PROJECT 1
REMAINING MCES
DISCHARGE PIPING
FIGURE NO. 2.2

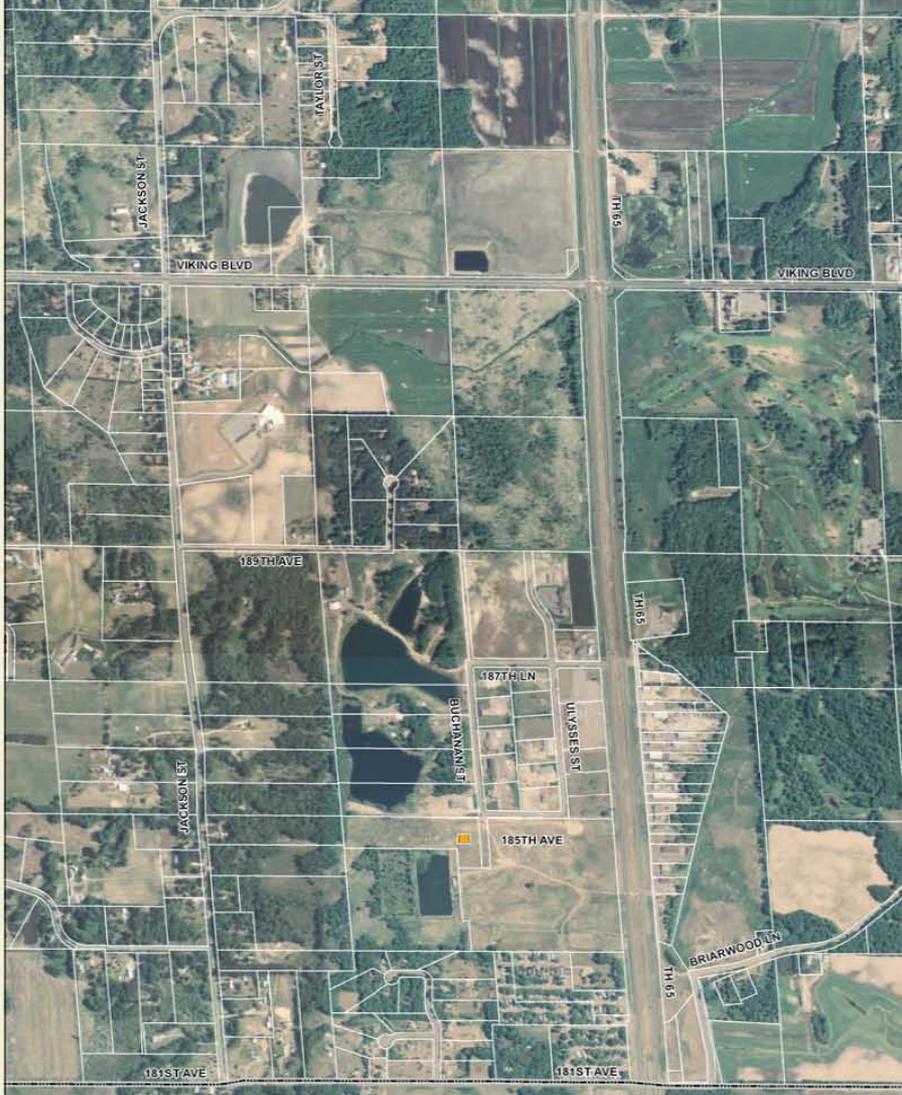
September, 2010



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Consulting Engineers & Surveyors

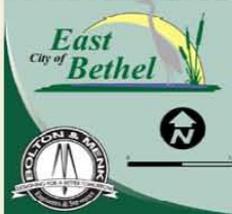
Sanitary Sewer System

- WWRF (By MCES)



LEGEND

■ WWRF



LEGEND
■ WWRF



FEASIBILITY STUDY

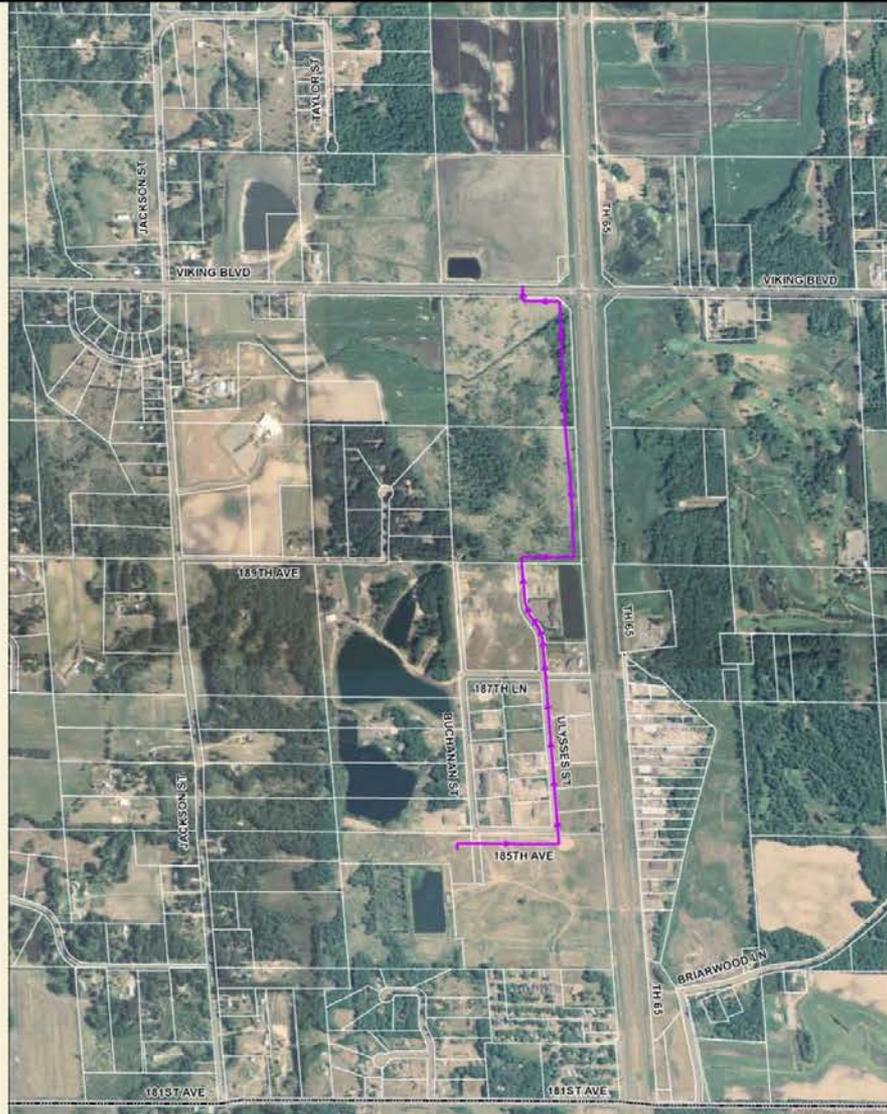
**PHASE I PROJECT 1
SANITARY SEWER
FIGURE NO. 2.1**

September, 2010

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Consulting Engineers & Surveyors

Sanitary Sewer System

- WWRF Discharge Piping Within Project 1 Area (By MCES)



LEGEND

➔ MCES Discharge

LEGEND
➔ MCES Discharge



FEASIBILITY STUDY

PHASE I PROJECT 1
SANITARY SEWER
FIGURE NO. 2.1

September, 2010



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Consulting Engineers & Surveyors

Sanitary Sewer System

- Interceptor Sewer (MCES with City Cost Share)

LEGEND

→ MCES Interceptor



LEGEND

→ MCES Interceptor



FEASIBILITY STUDY

PHASE I PROJECT 1
SANITARY SEWER

FIGURE NO. 2.1

September, 2010

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Consulting Engineers & Surveyors

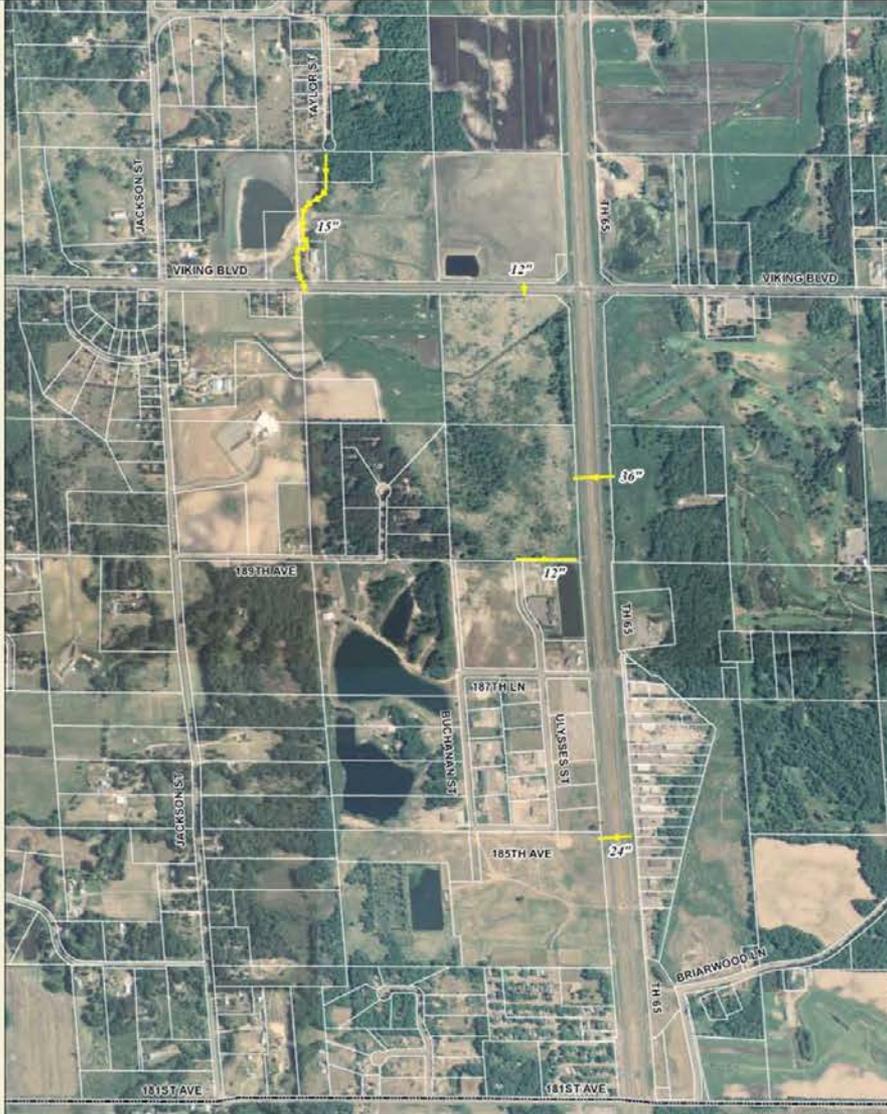


Sanitary Sewer System

- Trunk Sewer System (City)

LEGEND

→ City Trunk Sanitary Sewer



LEGEND
→ City Trunk Sanitary Sewer



FEASIBILITY
STUDY

PHASE I PROJECT 1
SANITARY SEWER
FIGURE NO. 2.1

September, 2010



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Consulting Engineers & Surveyors

Sanitary Sewer System

- Lateral Sewer System (City)

LEGEND

— City Lateral Sanitary Sewer



LEGEND

— City Lateral Sanitary Sewer



FEASIBILITY STUDY

PHASE I PROJECT 1
SANITARY SEWER
FIGURE NO. 2.1

September, 2010

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Financing and Funding

- Cost Apportionment:
 - Sanitary Sewer System Cost Summary:

| | |
|--|-------------|
| Total City Interceptor Project Cost | \$2,200,000 |
| Total Trunk Sewer System Cost (Includes Land / Easement) | \$1,328,651 |
| Subtotal Trunk Sewer System Cost | \$3,528,651 |
| Lateral Sewer System Cost (Includes Rest) | \$976,361 |
| Total Sewer System Project Cost* | \$4,504,971 |

***Does Not Include MCES Sanitary Sewer Related Costs of \$18M – \$25.5M**

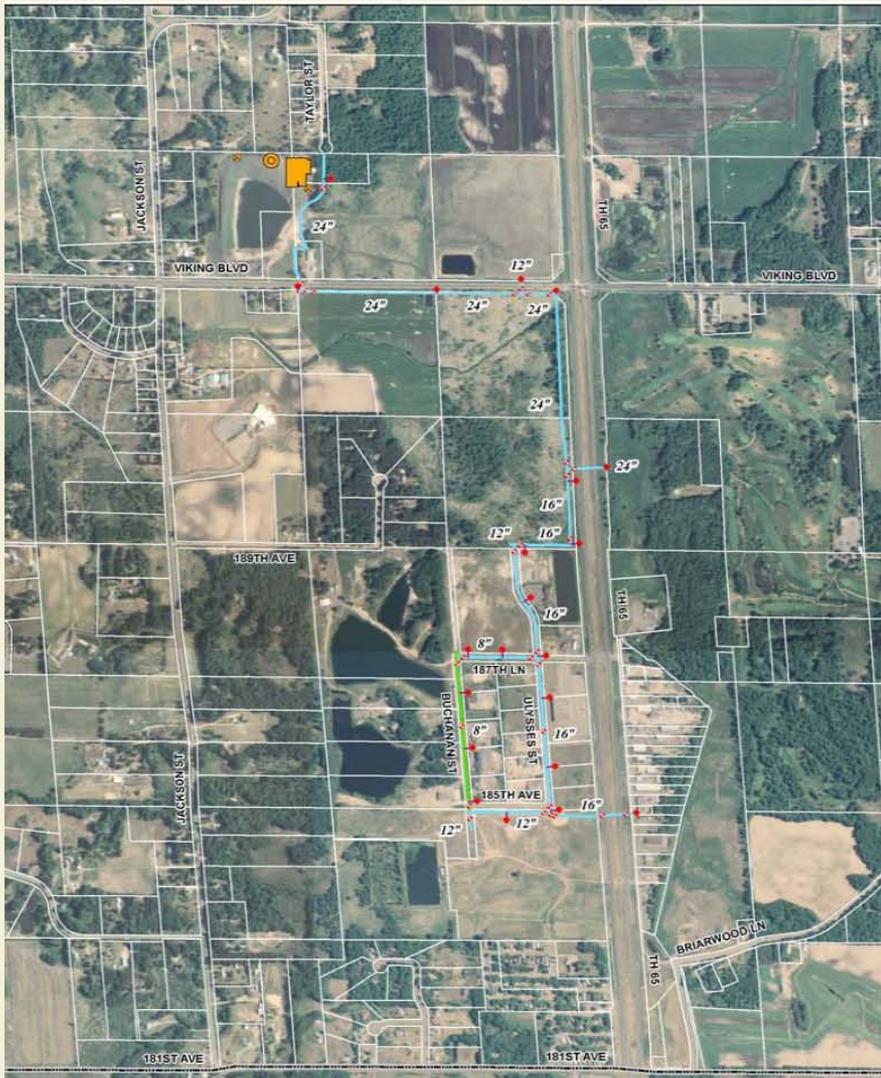
Water System

- The Proposed Water System Includes Several Components Funded the City
 - Production Wells
 - Water Treatment Facility (WTF)
 - Water Tower
 - Trunk Watermain
 - Lateral Watermain



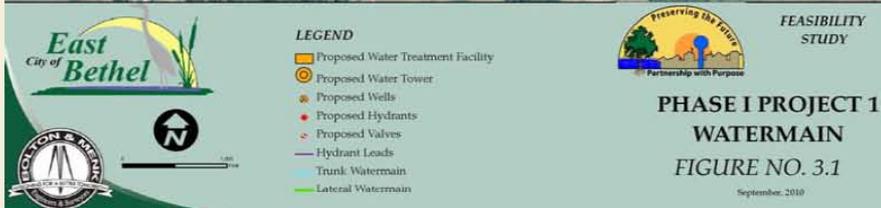
Water System

Overall Project 1 Area System



LEGEND

-  Proposed Water Treatment Facility
-  Proposed Water Tower
-  Proposed Wells
-  Proposed Hydrants
-  Proposed Valves
-  Hydrant Leads
-  Trunk Watermain
-  Lateral Watermain



Water System

- Water System Components:
 - Production Wells
 - Available Sources in East Bethel:
 - Drift: Susceptible to Contamination from High Ground Water and Sand Soil (Not Recommended for Municipal System)
 - Mt. Simon: Use Limited by DNR Through State Statute
 - FIG: Most Viable Source Due to Above
 - 2 FIG Wells Initially: Total Estimated Capacity = 600 – 800 gpm
 - Adequate for System Initiation

Water System

- Water System Components:
 - Water Treatment Facility (WTF)
 - Initial Capacity = 1500 gpm
 - Ultimate Capacity = 5000 gpm
 - Initial Treatment Provided: Iron and Manganese Removal
 - Ultimately Will Include Reverse Osmosis Softening
(*Waiting Defers \$1.5M in Initial Costs*)

Water System

- Water System Components:
 - Water Treatment Facility (WTF)
 - Reverse Osmosis Softening Requirements:
 - WWRF Discharge Reuse Requires Control of Effluent Chloride Concentrations
 - Due to Hardness of Water Supply, Users Typically Use On-Site Softening
 - Reverse Osmosis Softening Triggers and Requirements:
 - Softening Required When MCES Reuse System Implemented
 - Use of On- Site Softening Prohibited at That Time for Users Connected to the Sewer System

Water System

- Water System Components:
 - Water Tower
 - Water Tower Provides:
 - System Pressure
 - Consistent Supply During Variable Demand Periods
 - Volume for Fire Flow
 - Proposed Tower:
 - Capacity: 500,000 Gallons
 - Style: 0.50 MG Water Spheroid Vs. 0.75 MG Composite
 - » Cost Savings of \$800,000
 - Service Elevation: 1075 (40 – 80 psi Operating Pressure)



Waterspheroid (0.5 MG)



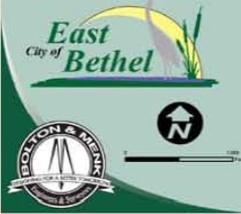
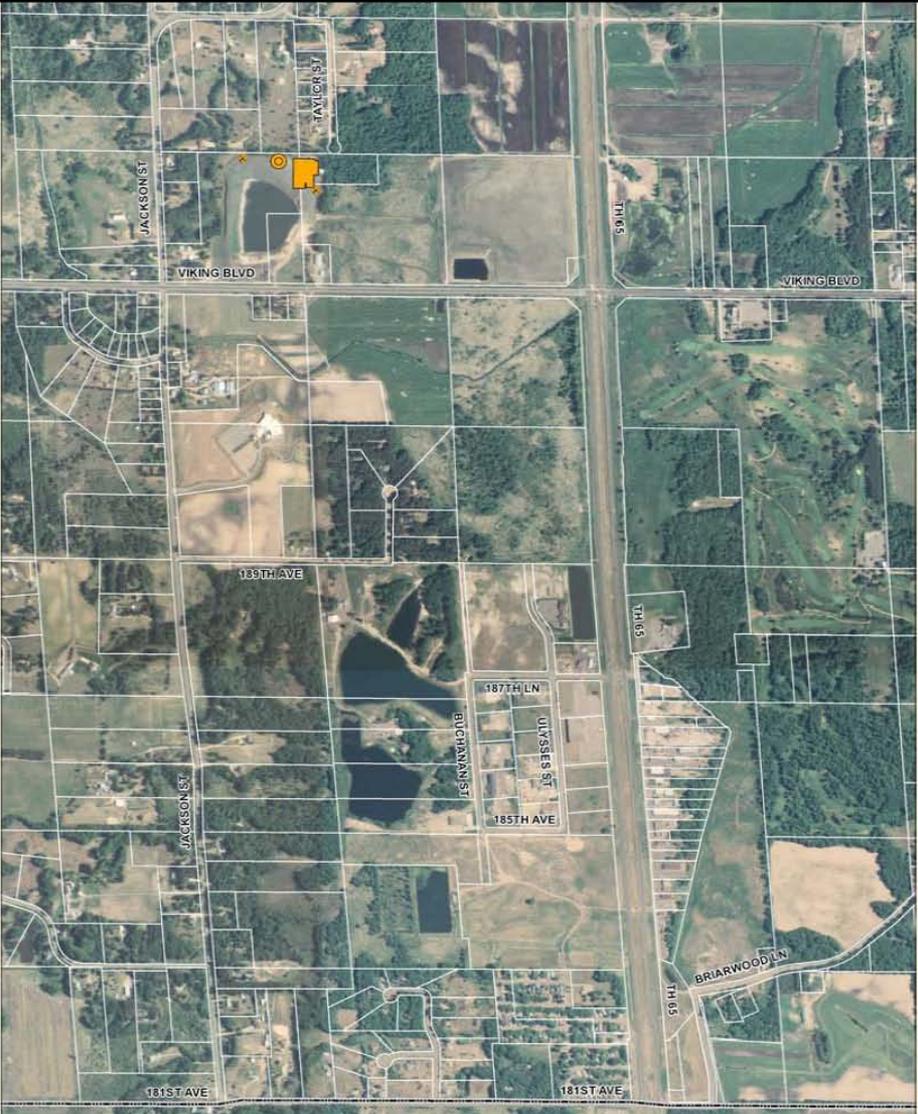
Composite (0.75 MG)

Water System

- Wells, WTF and Tower Location

LEGEND

- Proposed Water Treatment Facility
- Proposed Water Tower
- Proposed Wells



- ### LEGEND
- Proposed Water Treatment Facility
 - Proposed Water Tower
 - Proposed Wells



FEASIBILITY STUDY

PHASE I PROJECT 1 WATERMAIN

FIGURE NO. 3.1

September, 2010

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Consulting Engineers & Surveyors

Water System

■ Trunk Water System

LEGEND

-  Hydrant Leads
-  Trunk Watermain
-  Proposed Hydrants
-  Proposed Valves



- LEGEND**
-  Hydrant Leads
 -  Trunk Watermain
 -  Proposed Hydrants
 -  Proposed Valves



FEASIBILITY
STUDY

PHASE I PROJECT 1 WATERMAIN

FIGURE NO. 3.1

September, 2010



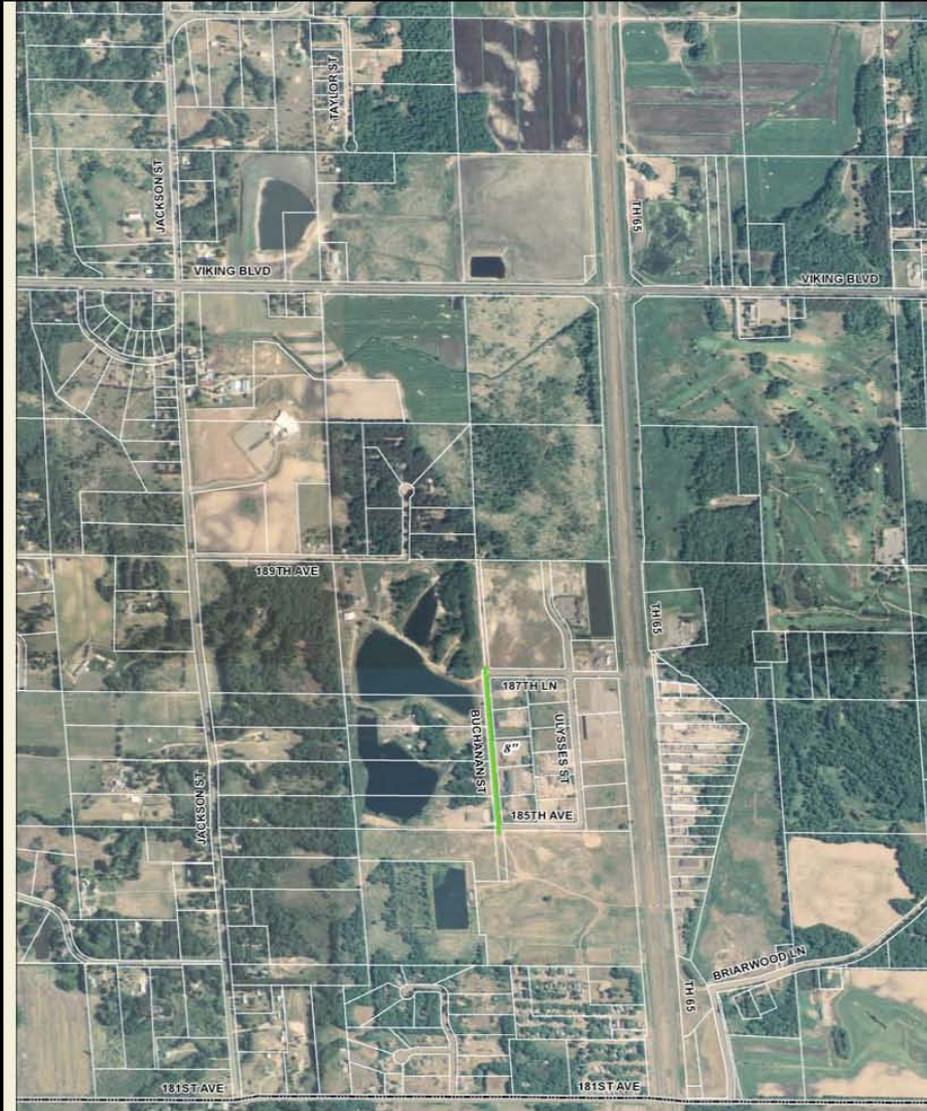
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Consulting Engineers & Surveyors

Water System

- Lateral Water System

LEGEND

— Lateral Watermain



LEGEND
— Lateral Watermain



FEASIBILITY
STUDY

PHASE I PROJECT 1
WATERMAIN

FIGURE NO. 3.1

September, 2010

BOLTON & MENK, INC.
Consulting Engineers & Surveyors

Financing and Funding

- Cost Apportionment:
 - Water System Cost Summary:

| | |
|--|--------------|
| Total Trunk Pipe Project Cost (Includes Ease.) | \$2,701,469 |
| Total Lateral Pipe Project Cost (Includes Rest.) | \$1,000,902 |
| Subtotal Distribution System Project Cost | \$3,702,371 |
| Total Water Treatment Facility Project Cost | \$5,541,280 |
| Total Water Tower Project Cost | \$1,062,000 |
| Total Wells Project Cost | \$938,100 |
| Estimated Total Land / Easement Cost | \$550,000 |
| Subtotal Facility Project Cost | \$8,091,380 |
| Total Water System Project Cost | \$11,793,751 |

Street Restoration

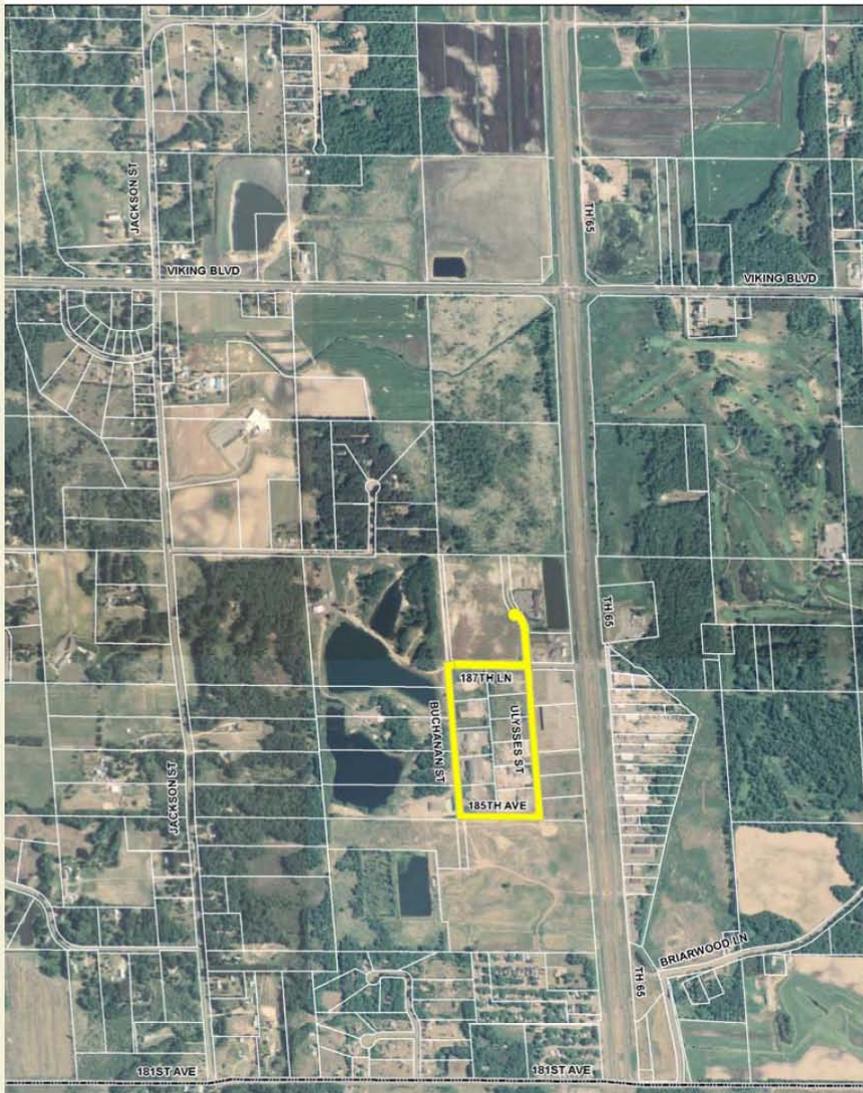
- Street Restoration Completed on All Streets Disturbed By Utility Construction
- Street Restoration Parameters:
 - New Pavement Section in Accordance With City Standards
 - Replaced at Same Width and Features as Existing
- All Costs Included in Lateral Sanitary Sewer and Water System Costs (\$915,000)

Street Restoration

- Buchanan St.
- Ulysses St.
- 185th Ave.
- 187th Lane

LEGEND

■ Proposed Street Restoration



 **East Bethel**
City of

 **BOLTON & MENK**
INC.



LEGEND
■ Proposed Street Restoration

 **Preserving the Future**
Partnership with Purpose

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**PHASE I PROJECT 1
STREET RESTORATION**

FIGURE NO. 4.1

September, 2010

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Consulting Engineers & Surveyors

Property and Easement Acquisition

- Facilities Require Parcel and Temporary and Permanent Easement Acquisition.
 - Utilities Located in Existing R/W to Extent Practicable
 - City and MCES Utilities Located in Same Corridor to Extent Practicable
 - Cost Apportionment Based on User of Corridor. Total Cost Estimate = \$667,000

Property and Easement Acquisition

- 15 Parcels
- 9 Owners

LEGEND

- Proposed MCES Easement
- Proposed City Easement
- Proposed MCES & City Easement
- Proposed City Property Acquisition



- ### LEGEND
- Proposed MCES Easement
 - Proposed City Easement
 - Proposed MCES & City Easement
 - Proposed City Property Acquisition



FEASIBILITY STUDY

PHASE I PROJECT 1
EASEMENTS
FIGURE NO. 5.1

September, 2010



BOLTON & MENK, INC.
Consulting Engineers & Surveyors

Financing and Funding

■ Financing

– Proposed Financing Components Include Some or All of the Following:

■ Sanitary Sewer System

- Chapter 429 Bonds
- Chapter 444 Bonds
- Build America Bonds
- Revenue Bonds

■ Water System

- Recovery Zone Economic Development (RZED) Bonds
- Chapter 429 Bonds
- Chapter 444 Bonds
- Build America Bonds
- Revenue Bonds



Financing and Funding

■ Funding

– Debt Service for the Proposed Project Costs Proposed to be Recaptured Through an Overall Charge System Including:

1. Lateral Benefit Assessment
2. Lateral Benefit Availability Charge
3. Trunk Availability Charge
4. Trunk Charge
5. Water Facility Availability Charge
6. Water Facility Charge
7. User Charges
8. Future Internal Lateral Project Costs (Future)

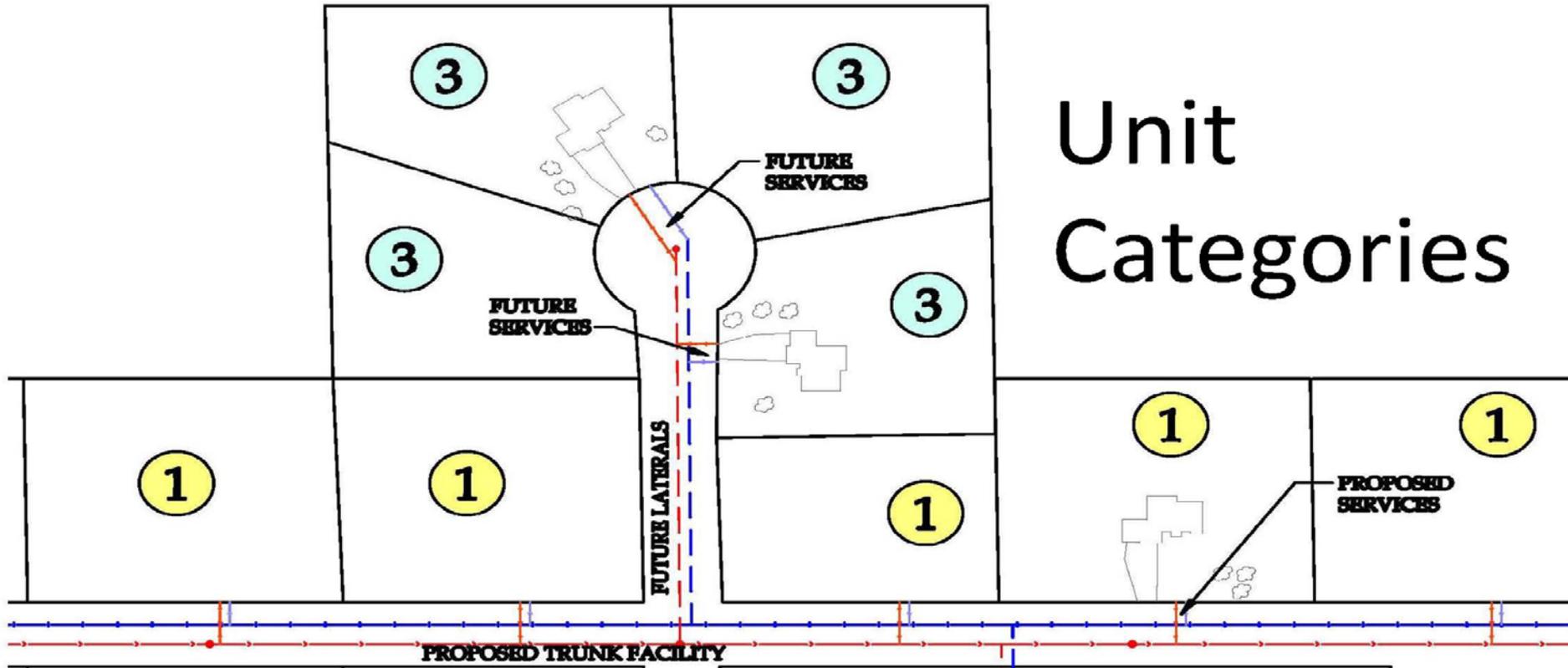
Financing and Funding

■ Funding

– Three Parcel Categories Used for Apportionment

- **Category 1**: Parcels Located Adjacent to Lateral or Trunk Facilities Including Service Lines
- **Category 2**: Parcels Located Adjacent to Trunk or Lateral Facilities That Require Future Lateral Projects For Service
- **Category 3**: Parcels Not Located Adjacent to Lateral or Trunk Facilities That Will Require Future Lateral Projects To Provide Service.

Unit Categories

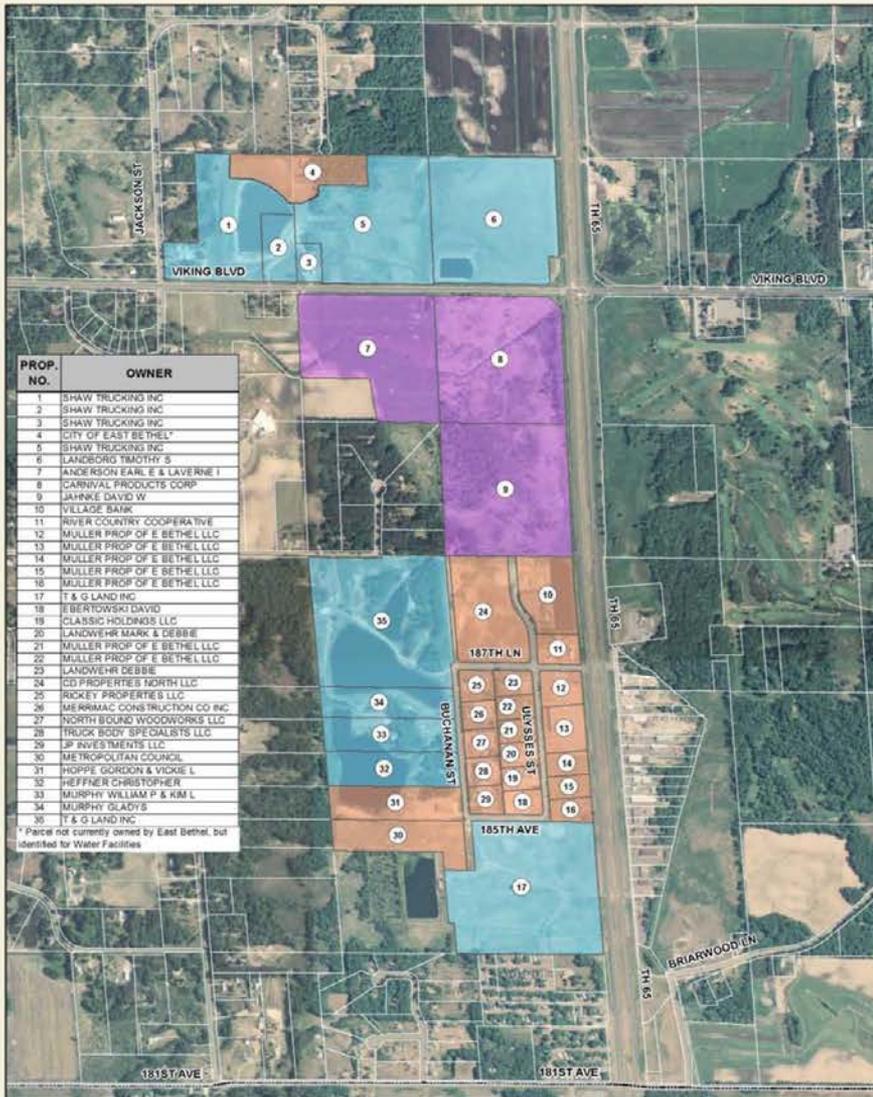


PARCEL CATEGORY

- 1** - ADJACENT + SERVICES
- 2** - ADJACENT WITH FUTURE LATERAL NEEDS
- 3** - NOT ADJACENT WITH FUTURE LATERAL NEEDS

Financing and Funding

Phase I, Project 1 Parcel Categories



LEGEND

- Assessable Properties (Category 1)
- Future Lateral Benefit Assessment / Availability Charge (Category 2)
- Not Buildable
- 1 Property Number

City of
**East
Bethel**

Preserving the Future
Partnership with Purpose

FEASIBILITY
STUDY

LEGEND

- Assessable Properties (Category 1)
- Future Lateral Benefit Assessment / Availability Charge (Category 2)
- Not Buildable
- 1 Property Number

**PHASE I PROJECT 1
ASSESSMENT AREA**

FIGURE NO. 6.1

August, 2019

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Consulting Engineers & Surveyors

Financing and Funding

- Funding

- Charges Incurred by Project 1 Parcels As Follows

- Category 1:

1. Lateral Benefit Assessment
3. Trunk Availability Charge
4. Trunk Charge
5. Water Facility Availability Charge
6. Water Facility Charge
7. User Charges



Financing and Funding

- Funding

- Charges Incurred by Project 1 Parcels As Follows

- Category 2:

- 2. Lateral Benefit Availability Charge

- 3. Trunk Availability Charge

- 4. Trunk Charge

- 5. Water Facility Availability Charge

- 6. Water Facility Charge

- 7. User Charges

- 8. Future Internal Lateral Project Costs (Future Cost)

- Category 3: There Are No Category 3 Parcels Associated with Phase I Project 1

Financing and Funding

- Cost Apportionment Methodology
 - Estimated Equivalent Residential Units (ERUs)
 - ERU Defined: “Typical” Single Family Household Uses of Water and Sewer System
 - ERUs Calculated Based On:
 - Potentially Developable Lots Per Acre Based on City Zoning Ordinance
 - Land Use in General Conformance With “Sewer Availability Charge Procedure Manual” as Published by MCES

Financing and Funding

- Cost Apportionment Methodology
 - Estimated Equivalent Residential Units (ERUs)
 - Residential Parcels (R-1): 3 ERU / Acre
 - Undeveloped Larger Comm. Parcels (B-3): 3 ERU / Acre
 - Developed Comm. Parcels: MCES SAC Manual
 - Undeveloped Small Comm. Parcels: Comparative to Developed Parcels in Area
 - “Big Box” Site: Based on Likely End Users

Financing and Funding

| POTENTIAL END USER | ESTIMATED TYPICAL ERUS |
|--|------------------------|
| Big Box Discount Retailer | 40 |
| Big Box Discount Retailer with Grocery | 60 |
| Grocery Store | 30 |
| C-Store w/ 2 Bay Car Wash | 25 |
| 15,000 SF Strip Mall | 5 |
| Fast Food Restaurant | 5 |
| Sit Down Restaurant | 25 |
| Bank | 3 |

- Cost Apportionment Methodology
 - Estimated ERUs for Various Future Potential End Users

Financing and Funding

- Cost Apportionment Methodology
 - Estimated Unit Distribution
 - Approximates Distribution in “Facility Plan”
 - Adjusted for Project 1 Land Use Characterized
 - Total Phase I, Project 1 Approximate ERUs = 580
 - Total Phase I ERU = 4162

Financing and Funding

- Cost Apportionment Methodology
 - Estimated Unit Distribution Timing
 - Category 1 Units Connected to the System as System Becomes Operational Over 2 Years (**2013-2014**) – **Required by City**
 - Existing Residential Category 2 Units in Project 1 Connected to the System Over 5 years (**2015 -2019**)
 - New (Undeveloped) Category 2 Units in Project 1 Connected to the System Over 5 Years (**2015 – 2019**)
 - Remaining New (Undeveloped) Phase I Category 2 Units Connected to the System Over 30 Years (**2015 – 2044**)
 - Remaining Existing Phase I Category 2 Units Connected to the System Over 10 Years (**2030 – 2039**)

ERU Unit Distribution Parameters

| <u>Year</u> | <u>Total Annual ERUs Conn.</u> | <u>Cummulative Total ERUs Conn.</u> |
|-------------|--------------------------------|-------------------------------------|
| 2011 | 0 | 0 |
| 2012 | 0 | 0 |
| 2013 | 76 | 76 |
| 2014 | 76 | 152 |
| 2015 | 200 | 352 |
| 2016 | 200 | 552 |
| 2017 | 200 | 752 |
| 2018 | 200 | 952 |
| 2019 | 200 | 1152 |
| 2020 | 114 | 1266 |
| 2021 | 114 | 1381 |
| 2022 | 114 | 1495 |
| 2023 | 114 | 1609 |
| 2024 | 114 | 1724 |
| 2025 | 114 | 1838 |
| 2026 | 114 | 1953 |
| 2027 | 114 | 2067 |
| 2028 | 114 | 2181 |
| 2029 | 114 | 2296 |
| 2030 | 129 | 2425 |
| 2031 | 129 | 2554 |

Financing and Funding

- Cash Flow Analysis

- Assumes the Following Parameters:

- Unit Distribution as Described
 - Parcels Incur Charges as Recommended
 - Water Improvements in the Amount of \$11,465,000 Financed With RZED Bonds at 2.48% (4.5% Discounted by 45%) for 20 Years (Expires at End of 2010)
 - Remaining Water Improvements Financed With Other Types of Bonds at 4.5% for 20 Years
 - Sewer Improvements Financed With Other Types of Bonds at 4.5% for 20 Years

Financing and Funding

| CHARGE | SEWER | WATER |
|---|--------|--------|
| Lateral Benefit Assessment (\$/ERU) | \$4000 | \$4000 |
| Lateral Benefit Availability Charge (\$/ERU) | \$3000 | \$3000 |
| Water Facility Availability Charge (\$/ERU) | \$0 | \$1000 |
| Water Facility Charge (\$/ERU) | \$0 | \$1000 |
| Trunk Availability Charge (\$/ERU) | \$1000 | \$800 |
| Trunk Charge (\$/ERU) | \$1000 | \$800 |
| Water Plant Charge (\$/ERU) | \$0 | \$10 |
| Base Charge (\$/ERU) | \$5.00 | \$5.00 |
| Gallonage Charge (\$/Kgal) | \$2.75 | \$3.00 |
| Future Lateral Benefit Availability Charge (\$/ERU) | \$3000 | \$3000 |

- Cash Flow Analysis
 - Initial Charges
 - Recommended Based on Project Costs and Cash Flow Needs

Financing and Funding

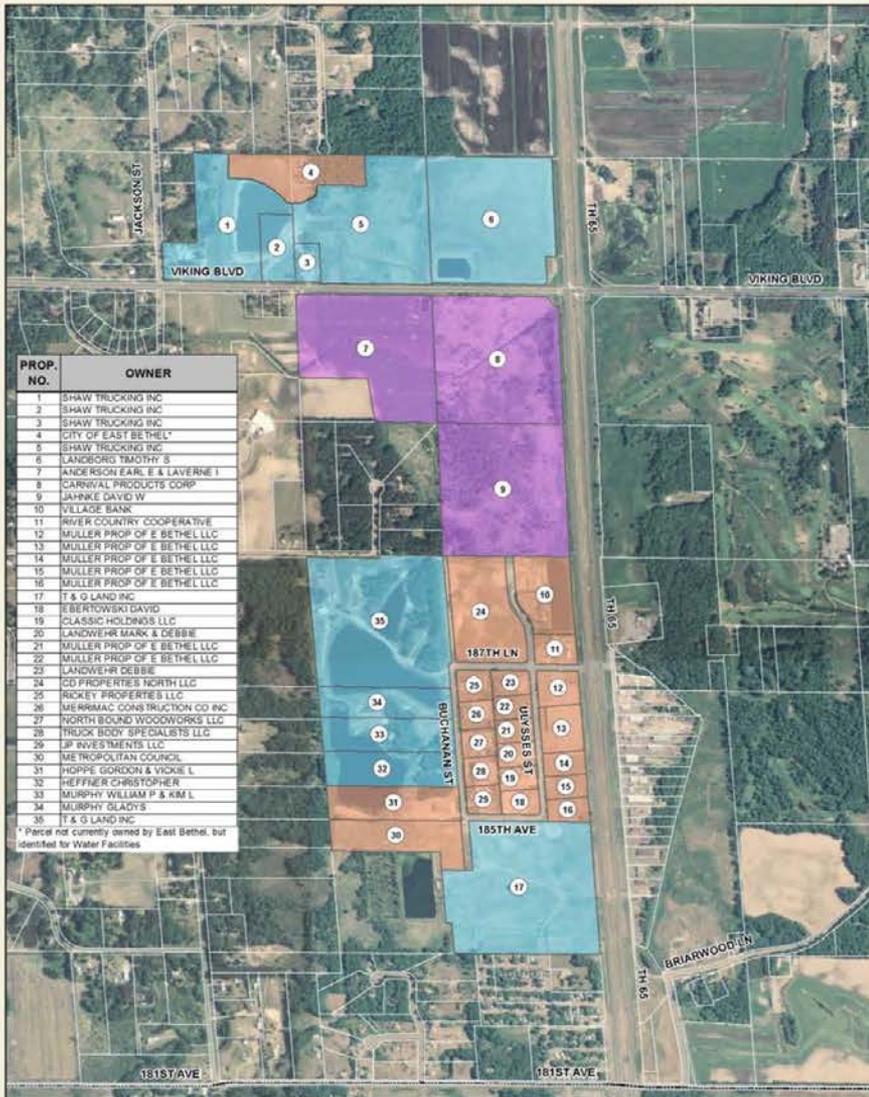
■ Cash Flow Analysis

– General Cash Flow Analysis Results:

- Sewer and Water Funds Generally Supported by Charge System
- During Early Years of System Implementation, Expenses and Revenues are Closely Correlated
- Debt Structure In Early Years Is Key
 - Fiscal Consultant to Optimize Structure
- Model Has Flexibility in Charge System
 - Can Be Modified As Desired

Charge Summary

- Phase I, Project 1 Parcel Categories
- 22 Assessed Parcels Having 16 Owners
- 10 Availability Charge Parcels Having 6 Owners



LEGEND

- Assessable Properties (Category 1)
- Future Lateral Benefit Assessment / Availability Charge (Category 2)
- Not Buildable
- Property Number



LEGEND

- Assessable Properties (Category 1)
- Future Lateral Benefit Assessment / Availability Charge (Category 2)
- Not Buildable
- Property Number



FEASIBILITY STUDY

PHASE I PROJECT 1 ASSESSMENT AREA
FIGURE NO. 6.1

August, 2018



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Consulting Engineers & Surveyors

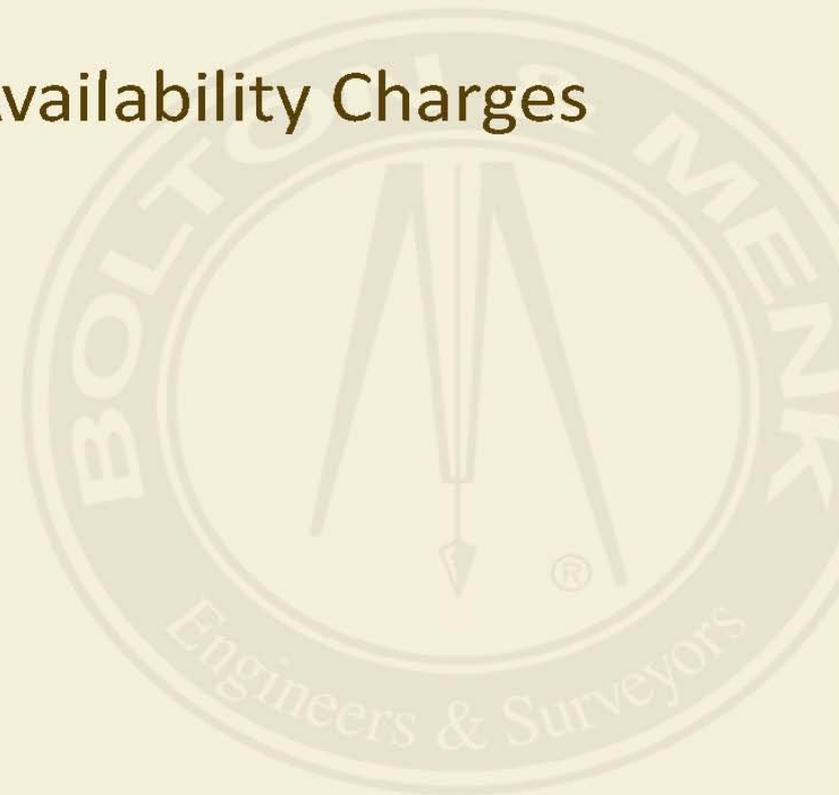
Charge Summary (Revised Table 6.3 Summary)

| PROP. NO. | OWNER | P.I.N. | ERU | LATERAL BENEFIT ASSESMENT | | | | | | FUTURE PHASE I PROJECT 1 LATERAL BENEFIT AVAILABILITY CHARGE | | | | |
|--|------------------------------|--------------|-----|---|-----------|-----------------------|-----------|----------------------------------|--|--|-------------|--|-------------|--|
| | | | | WATERMAIN ASSESSMENT | | SAN. SEWER ASSESSMENT | | TOTAL LATERAL BENEFIT ASSESSMENT | **ANNUAL ASSESSMENT PAYMENT | WATERMAIN LATERAL BENEFIT AVAILABILITY CHARGE | | SAN. SEWER LATERAL BENEFIT AVAILABILITY CHARGE | | TOTAL FUTURE LATERAL BENEFIT AVAILABILITY CHARGE |
| | | | | ERUs | \$ | ERUs | \$ | | | ERUs | \$ | ERUs | \$ | |
| 1 | SHAW TRUCKING INC | 303323140006 | 43 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 43 | \$129,000 | 43 | \$129,000 | \$258,000 |
| 2 | SHAW TRUCKING INC | 303323140005 | 6 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 6 | \$18,000 | 6 | \$18,000 | \$36,000 |
| 3 | SHAW TRUCKING INC | 293323230002 | 6 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 6 | \$18,000 | 6 | \$18,000 | \$36,000 |
| 4 | CITY OF EAST BETHEL* | PENDING | 40 | 40 | \$160,000 | 40 | \$160,000 | \$320,000 | \$26,777 | 0 | \$0 | 0 | \$0 | \$0 |
| 5 | SHAW TRUCKING INC | 293323230006 | 6 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 6 | \$18,000 | 6 | \$18,000 | \$36,000 |
| 6 | LANDBORG TIMOTHY S | 293323240003 | 150 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 150 | \$450,000 | 150 | \$450,000 | \$900,000 |
| 7 | ANDERSON EARL E & LAVERNE I | 293323320004 | 0 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 0 | \$0 | 0 | \$0 | \$0 |
| 8 | CARNIVAL PRODUCTS CORP | 293323310001 | 0 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 0 | \$0 | 0 | \$0 | \$0 |
| 9 | JAHNKE DAVID W | 293323340001 | 0 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 0 | \$0 | 0 | \$0 | \$0 |
| 10 | VILLAGE BANK | 323323210008 | 4 | 4 | \$16,000 | 4 | \$16,000 | \$32,000 | \$2,678 | 0 | \$0 | 0 | \$0 | \$0 |
| 11 | RIVER COUNTRY COOPERATIVE | 323323210006 | 4 | 4 | \$16,000 | 4 | \$16,000 | \$32,000 | \$2,678 | 0 | \$0 | 0 | \$0 | \$0 |
| 12 | MULLER PROP OF E BETHEL LLC | 323323210005 | 0 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 0 | \$0 | 0 | \$0 | \$0 |
| 13 | MULLER PROP OF E BETHEL LLC | 323323240017 | 27 | 27 | \$108,000 | 27 | \$108,000 | \$216,000 | \$18,075 | 0 | \$0 | 0 | \$0 | \$0 |
| 14 | MULLER PROP OF E BETHEL LLC | 323323240014 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 15 | MULLER PROP OF E BETHEL LLC | 323323240015 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 16 | MULLER PROP OF E BETHEL LLC | 323323240016 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 17 | T & G LAND INC | 323323310002 | 89 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 89 | \$267,000 | 89 | \$267,000 | \$534,000 |
| 18 | EBERTOWSKI DAVID | 323323240007 | 1 | 1 | \$4,000 | 1 | \$4,000 | \$8,000 | \$669 | 0 | \$0 | 0 | \$0 | \$0 |
| 19 | CLASSIC HOLDINGS LLC | 323323240008 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 20 | LANDWEHR MARK & DEBBIE | 323323240009 | 1 | 1 | \$4,000 | 1 | \$4,000 | \$8,000 | \$669 | 0 | \$0 | 0 | \$0 | \$0 |
| 21 | MULLER PROP OF E BETHEL LLC | 323323240010 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 22 | MULLER PROP OF E BETHEL LLC | 323323240011 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 23 | LANDWEHR DEBBIE | 323323210004 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 24 | CD PROPERTIES NORTH LLC | 323323210009 | 45 | 45 | \$180,000 | 45 | \$180,000 | \$360,000 | \$30,125 | 0 | \$0 | 0 | \$0 | \$0 |
| 25 | RICKEY PROPERTIES LLC | 323323210003 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 26 | MERRIMAC CONSTRUCTION CO INC | 323323240003 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 27 | NORTH BOUND WOODWORKS LLC | 323323240004 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 28 | TRUCK BODY SPECIALISTS LLC | 323323240005 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 29 | JP INVESTMENTS LLC | 323323240006 | 1 | 1 | \$4,000 | 1 | \$4,000 | \$8,000 | \$669 | 0 | \$0 | 0 | \$0 | \$0 |
| 30 | METROPOLITAN COUNCIL | 323323320003 | 2 | 2 | \$8,000 | 0 | \$0 | \$8,000 | \$669 | 0 | \$0 | 0 | \$0 | \$0 |
| 31 | HOPPE GORDON & VICKIE L | 323323230010 | 2 | 2 | \$8,000 | 2 | \$8,000 | \$16,000 | \$1,339 | 0 | \$0 | 0 | \$0 | \$0 |
| 32 | HEFFNER CHRISTOPHER | 323323230009 | 7 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 7 | \$21,000 | 7 | \$21,000 | \$42,000 |
| 33 | MURPHY WILLIAM P & KIM L | 323323230006 | 23 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 23 | \$69,000 | 23 | \$69,000 | \$138,000 |
| 34 | MURPHY GLADYS | 323323230008 | 22 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 22 | \$66,000 | 22 | \$66,000 | \$132,000 |
| 35 | T & G LAND INC | 323323220002 | 77 | 0 | \$0 | 0 | \$0 | \$0 | \$0 | 77 | \$231,000 | 77 | \$231,000 | \$462,000 |
| * Parcel not currently owned by East Bethel, but identified for Water Facilities | | | | Water Total | \$596,000 | Sewer Total | \$588,000 | | | Water Total | \$1,287,000 | Sewer Total | \$1,287,000 | |
| FLOR KEY PROPERTIES TO HAVE LEVIED ASSESSMENT AFTER PHASE I PROJECT 1 COMPLETION FUTURE AVAILABILITY CHARGE | | | | TOTAL LATERAL BENEFIT ASSESSMENT REVENUES: | | | | | TOTAL FUTURE PH I PROJECT 1 LATERAL BENEFIT AVAILABILITY CHARGE REVENUES: | | | | | |
| | | | | \$1,184,000 | | | | | \$2,574,000 | | | | | |

** Interest rate of 5.5% at 20 years

Charge Summary

- Project 1 Assessment and Availability Charges
 - Assessments (Revised)
 - 20 Years at 5.5%
 - \$1,184,000 Assessed
 - 149 Water ERUs
 - 147 Sewer ERUs
 - 22 Parcels
 - 16 Owners
 - Future Availability Charges
 - Developer's Agreement Stage
 - Estimated \$2,574,000
 - 429 Water and Sewer ERUs
 - 10 Parcels
 - 6 Owners



Charge Summary

- Combined Sewer & Water Charges / ERU
(Without MCES SAC Charges)

| PARCEL CATEGORY | PROJECT 1 CHARGES ESTIMATED IN FEASIBILITY STUDY (\$/ERU) | CHARGES ESTIMATED IN FACILITY PLAN (\$/ERU) |
|-----------------|---|---|
| Category 1 | \$13,600 | \$16,735 - \$19,920 |
| Category 2* | \$11,600 | \$10,355 - \$13,530 |
| Category 3* | \$5,600 | \$1,970 - \$2,535 |

* Does Not Include Future Lateral Sewer and Water Costs for Category 2 and Category 3 Units

Charge Summary

- Combined Sewer & Water Charges / ERU
(With MCES SAC Charges Estimated at \$3,400 /ERU)

| PARCEL CATEGORY | PROJECT 1 CHARGES ESTIMATED FEASIBILITY STUDY (\$/ERU) | CHARGES ESTIMATED IN FACILITY PLAN (\$/ERU) |
|-----------------|--|---|
| Category 1 | \$17,000 | \$20,135 - \$23,320 |
| Category 2* | \$15,000 | \$13,755 - \$16,930 |
| Category 3 * | \$9,000 | \$5,370 - \$5,935 |

* Does Not Include Future Lateral Sewer and Water Costs

Phase I Project 1
Category 1 Parcels - Overall Sewer and Water Charges
(Includes Met Council Trunk Charge)

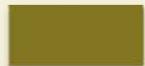
| Parcel ERUs | Total Assessment | Annual Assessment Payment | Remaining Water Charges | Remaining Sewer Charges | Remaining Combined Sew & Wat |
|-------------|------------------|---------------------------|-------------------------|-------------------------|------------------------------|
| 1 | \$8,000 | \$669 | \$3,600 | \$5,400 | \$9,000 |
| 2 | \$16,000 | \$1,339 | \$7,200 | \$10,800 | \$18,000 |
| 4 | \$32,000 | \$2,678 | \$14,400 | \$21,600 | \$36,000 |
| 5 | \$40,000 | \$3,347 | \$18,000 | \$27,000 | \$45,000 |
| 10 | \$80,000 | \$6,694 | \$36,000 | \$54,000 | \$90,000 |

 - Paid Over 20-Years (If Desired by Property Owner)

 - Paid At Time of Connection (Not Financed)

Phase I Project 1
Category 2 Parcels - Overall Sewer and Water Charges
(Includes Met Council Trunk Charge)

| Parcel ERUs | Total Availability Charge | Annual Avail. Ch. Payment | Remaining Water Charges | Remaining Sewer Charges | Remaining Combined Sew & Wat |
|-------------|---------------------------|---------------------------|-------------------------|-------------------------|------------------------------|
| 1 | \$6,000 | \$502 | \$3,600 | \$5,400 | \$9,000 |
| 2 | \$12,000 | \$1,004 | \$7,200 | \$10,800 | \$18,000 |
| 5 | \$30,000 | \$2,510 | \$18,000 | \$27,000 | \$45,000 |
| 10 | \$60,000 | \$5,021 | \$36,000 | \$54,000 | \$90,000 |
| 25 | \$150,000 | \$12,552 | \$90,000 | \$135,000 | \$225,000 |



- Potentially Paid Over Time As Development Occurs



- Paid At Developer's Agreement Stage and Building Permit Stage

Phase I Project 1
Effect of Allowing 5-Year Payment
Of Non-Assessment City Connection Related Costs On Category 1 Parcels

| Parcel ERUs | 20-Year Assessment Payment | Met Council SAC Charge (Not Financed) | 5-Year Payment of Remaining Sewer and Water Connection Charges |
|-------------|----------------------------|---------------------------------------|--|
| 1 | \$669 | \$3,400 | \$1,311 |
| 2 | \$1,339 | \$6,800 | \$2,622 |
| 4 | \$2,678 | \$13,600 | \$5,245 |
| 5 | \$3,347 | \$17,000 | \$6,557 |
| 10 | \$6,694 | \$34,000 | \$13,114 |

Phase I Project 1
Estimated Annual Combined Connection Related Costs
For 2 ERU Category 1 Parcel With 20-Year Assessment
and 5-Year Payment Option
For Remaining Non-MCES SAC Charges

| Year | MCES SAC Charge (Not Financed) | Assessment Payment | Remaining Connection Charge Payment | Total |
|------|-----------------------------------|--------------------|-------------------------------------|----------|
| 2013 | \$6,800 | \$1,339 | \$2,622 | \$10,761 |
| 2014 | \$0 | \$1,339 | \$2,622 | \$3,961 |
| 2015 | \$0 | \$1,339 | \$2,622 | \$3,961 |
| 2016 | \$0 | \$1,339 | \$2,622 | \$3,961 |
| 2017 | \$0 | \$1,339 | \$2,622 | \$3,961 |
| 2018 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2019 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2020 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2021 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2022 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2023 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2024 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2025 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2026 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2027 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2028 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2029 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2030 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2031 | \$0 | \$1,339 | \$0 | \$1,339 |
| 2032 | \$0 | \$1,339 | \$0 | \$1,339 |

Phase I Project 1
Estimated Annual Combined Connection Related Costs
For 4 ERU Category 1 Parcel With 20-Year Assessment
and 5-Year Payment Option
For Remaining Non-MCES SAC Charges

| Year | MCES SAC Charge (Not Financed) | Assessment Payment | Remaining Connection Charge Payment | Total |
|------|-----------------------------------|--------------------|-------------------------------------|----------|
| 2013 | \$13,600 | \$2,678 | \$5,245 | \$21,523 |
| 2014 | \$0 | \$2,678 | \$5,245 | \$7,923 |
| 2015 | \$0 | \$2,678 | \$5,245 | \$7,923 |
| 2016 | \$0 | \$2,678 | \$5,245 | \$7,923 |
| 2017 | \$0 | \$2,678 | \$5,245 | \$7,923 |
| 2018 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2019 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2020 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2021 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2022 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2023 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2024 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2025 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2026 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2027 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2028 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2029 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2030 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2031 | \$0 | \$2,678 | \$0 | \$2,678 |
| 2032 | \$0 | \$2,678 | \$0 | \$2,678 |

**Combined Change in Sewer and Water Revenue
For Existing 92 Sewer and 94 Water ERUs
Non-Financed v Financed
Connection Charges**

| Year | Change In Annual Sewer Revenue | Change In Annual Water Revenue | <i>Change In Annual Combined Revenue</i> |
|------|--------------------------------|--------------------------------|--|
| 2013 | (\$114,874) | (\$209,530) | (\$324,404) |
| 2014 | \$9,088 | \$14,446 | \$23,534 |
| 2015 | \$43,088 | \$79,246 | \$122,334 |
| 2016 | \$43,088 | \$79,246 | \$122,334 |
| 2017 | \$43,088 | \$79,246 | \$122,334 |
| 2018 | \$7,962 | \$15,175 | \$23,137 |
| 2019 | \$0 | \$0 | \$0 |
| 2020 | \$0 | \$0 | \$0 |

Questions / Discussion





City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 4.0 A.2

Agenda Item:

Resolution 2010-57 Order Project and Plans and Specifications for Project 1 Phase One
Municipal Utilities

Requested Action:

Consider adopting Resolution 2010-57 Ordering Project 1 Phase One of the City's municipal
utilities work and preparation of Plans and Specifications.

Background Information:

Following the public hearing on this project, the next required step is ordering the project and
related plans and specifications by adoption of Resolution 2010-57. Following preparation of
Plans and Specifications, Council will have the opportunity to review the documents before
directing that the project be publically bid.

Attachment(s):

- 1. Resolution 2010-57 Ordering Improvements and Preparation of Plans and
Specifications for Project 1 Phase One Utility Infrastructure Improvements

Fiscal Impact:

As noted in the presentation.

Recommendation(s):

Staff is recommending adoption of Resolution 2010-57 Ordering the Project and Plans and
Specifications for Project 1 Phase One of the Municipal Utility Project.

City Council Action

Motion by: _____

Second by: _____

Vote Yes: _____

Vote No: _____

No Action Required:_____

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2010-57

**A Resolution Ordering Improvements and Preparation of Plans and Specifications for
Project 1 Phase One Utility Infrastructure Improvements**

WHEREAS, it has been proposed to undertake improvements for Project 1 Phase One of the Utility Infrastructure Project; and

WHEREAS, it is proposed to specially assess benefited property for all or a portion of the cost of the improvement pursuant to Minnesota Statutes, Chapter 429; and

WHEREAS, a Feasibility Report was prepared by the City's Utility Engineering Consultant, Bolton and Menk, Inc. for these improvements; and

WHEREAS, this Feasibility Report was received and accepted by the City Council on September 15, 2010; and

WHEREAS, pursuant to Resolution 2010-53, a public hearing on the proposed improvements was called for October 6, 2010 at City Hall, located at 2241 221st Avenue NE in East Bethel, at 7:30 p.m.;

WHEREAS, and the City Clerk was directed to give mailed and published notice of such hearing and improvement as required by law; and

WHEREAS, mailed and published notice of said hearing as required by law was given, and the public hearing was held on the 6th day of October, 2010.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF EAST BETHEL, MINNESOTA THAT:**

1. Such improvements are necessary, cost-effective, and feasible as detailed in the feasibility report dated September 15, 2010.
2. The following improvements are hereby ordered:
 - (a) Sanitary sewer improvements including trunk, interceptor, and lateral sewers.
 - (b) Water distribution system improvements including trunk and lateral water mains.
 - (c) Water production improvements including two wells.
 - (d) Water treatment facility.
 - (e) Elevated water storage tower.
3. The City's Utility Engineering Consultant, Bolton and Menk, Inc. is hereby directed to prepare plans and specifications for making such improvements for City Council review and approval.

Adopted this 6th day of October, 2010 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Greg Hunter, Mayor

ATTEST:

Douglas Sell, City Administrator



City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 4.0 B.1 and B.2

Agenda Item:

Resolution 2010-58 Setting Bond Sale for the Recovery Zone Economic Development Bonds and Resolution 2010-59 Setting Bond Sale for the Build America Bonds

Requested Action:

Consider adopting Resolution 2010-58 setting the bond sale for the Recovery Zone Economic Development Bonds and Resolution 2010-59 setting the bond sale for the Build America Bonds.

Background Information:

At the September 15, 2010 Council meeting, Council reviewed options for funding of the municipal utilities project, specifically for Project 1 Phase One. Mr. Paul Steinman of Springsted, Inc. presented several bond alternatives.

The \$11.465 million established for the water system will be Recovery Zone Economic Development (RZED) Bonds that afford the City a 45% interest rebate over the life of the bonds. Mr. Steinman has indicated that this, based on current tax-exempt and taxable interest rates with the rebate would be the best alternative. Resolution 2010-58 provides for the sale of these bonds.

Several alternatives for funding of the sewer portion of the project were presented. Council directed that the alternative that included Build America Bonds, or BAB's, should be explored as it presented the least costly alternative. These bonds provide for a 35% interest rebate from the U.S. Treasury over the life of the bonds. This would amount to a savings of about \$140,000 over the life of these bonds when compared to traditional tax-exempt debt for the same purpose.

Mr. Steinman is recommending that both the BAB debt be considered along with a traditional tax-exempt issue. This would permit the City to receive two bid proposals, one for the taxable BAB issue and one for the tax-exempt issue and then determine which is the most cost effective based on interest rates, rebates, etc. There is no additional cost to soliciting two separate bids for this bond issue as both would be noticed in the public sale notice. Council, on the date of sale, could select the bond issue that is the most cost effective at that time. Resolution 2010-59 provides for the solicitation and sale for both Build America Bonds and a traditional G.O. Utility Revenue Bond.

Mr. Steinman will review the options with Council for debt issuance alternatives for this project. Following the presentation and responses to Council questions, Mr. Steinman will ask for adoption of Resolution 2010-58 setting the sale parameters for the RZED bonds and Resolution 2010-59 setting the sale parameters for BAB or tax-exempt utility bonds.

Attachment(s):

- 1. Resolution 2010-58 Set RZED Bond Sale
- 2. Resolution 2010-59 Set BAB/G.O. Utility Tax-exempt Bond Sale

Fiscal Impact:

As noted in presentation

Recommendation(s):

Staff is recommending adoption of Resolution 2010-58 Setting Bond Sale for Recovery Zone Economic Development Bonds and Resolution 2010-59 Setting Bond Sale for Build America Bonds or G.O. Utility Bonds

City Council Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required:_____

CERTIFICATION OF MINUTES RELATING TO
GENERAL OBLIGATION WATER REVENUE BONDS,
SERIES 2010A

Issuer: City of East Bethel, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on October 6, 2010, at 7:30 o'clock p.m. at the East Bethel municipal offices.

Members present: Mayor Hunter, Council Members Boyer, Channer, Paavola and Voss

Members absent: All present

Documents Attached:

Minutes of said meeting:

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

WITNESS my hand officially as such recording officer on October 7, 2010.

City Administrator/Clerk-Treasurer

Attachment #1

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2010 -58

**RESOLUTION AUTHORIZING ISSUANCE AND SALE OF TAXABLE
GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2010A (RECOVERY
ZONE ECONOMIC DEVELOPMENT BONDS)**

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF EAST BETHEL, MINNESOTA THAT:**

SECTION 1. PURPOSE. It is hereby determined to be in the best interests of the City to issue its \$11,465,000 aggregate principal amount of Taxable General Obligation Water Revenue Bonds, Series 2010A (Recovery Zone Economic Development Bonds) (the "Bonds"), to provide funds to finance a water infrastructure project in the City.

SECTION 2. TERMS OF PROPOSAL. Springsted Incorporated, financial consultant to the City, has presented to this Council a form of Terms of Proposal for the Bonds which is attached hereto and hereby approved and shall be placed on file by the City Clerk-Treasurer. Each and all of the provisions of the Terms of Proposal are hereby adopted as the terms and conditions of the Bonds and of the sale thereof. Springsted Incorporated, as independent financial advisers, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9) is hereby authorized to solicit proposals for the Bonds on behalf of the City on a competitive basis without requirement of published notice.

SECTION 3. SALE MEETING. This Council shall meet at the time and place shown in the Terms of Proposal for the purpose of considering sealed bids for the purchase of the Bonds and of taking such action thereon as may be in the best interests of the City.

**THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE
THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE
FOLLOWING BASIS:**

TERMS OF PROPOSAL

\$11,465,000*

CITY OF EAST BETHEL, MINNESOTA

**TAXABLE GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2010A
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)**

(BOOK ENTRY ONLY)

The City is requesting proposals for the above-named Issue as taxable general obligations which the City will elect to designate "Recovery Zone Economic Development Bonds (Direct Pay)." Proposals for the Bonds and the Good Faith Deposit ("Deposit") will be received on Wednesday,

* Preliminary; subject to change.

November 3, 2010, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed Proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final Proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted Proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all Bids submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY[®] shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY[®] is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY[®], this Terms of Proposal shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

| | |
|------|-----------|
| 2016 | \$200,000 |
| 2017 | \$150,000 |
| 2018 | \$225,000 |
| 2019 | \$410,000 |
| 2020 | \$515,000 |
| 2021 | \$400,000 |
| 2022 | \$300,000 |
| 2023 | \$400,000 |
| 2024 | \$490,000 |
| 2025 | \$590,000 |
| 2026 | \$655,000 |
| 2027 | \$630,000 |
| 2028 | \$690,000 |
| 2029 | \$710,000 |
| 2030 | \$850,000 |
| 2031 | \$850,000 |
| 2032 | \$850,000 |
| 2033 | \$850,000 |
| 2034 | \$850,000 |
| 2035 | \$850,000 |

* *The City reserves the right, after proposals are opened and prior to award, to reduce the principal amount of the Bonds or the maturity amounts offered for sale. Any such reduction will be made in multiples of \$5,000 in any of the maturities. In the event the principal amount of the Bonds is reduced, any premium offered or any discount taken by the successful bidder will be reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced.*

TERM BONDS

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. **Term bonds are allowed for only the Bonds maturing in the years 2021 and thereafter.** All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial

owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2021, and on any day thereafter, to prepay Bonds due on or after February 1, 2022. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

EXTRAORDINARY REDEMPTION

If the Bonds are designated and issued as Taxable Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the "Code"), at the option of the City, the Bonds are also subject to extraordinary redemption in whole, but not in part, at a redemption price equal to par plus accrued interest to the redemption date, upon or on any date after the occurrence of a Determination of Ineligibility. A "Determination of Ineligibility" means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which would have the effect of deeming, determining or rendering the Bonds not qualified for treatment as Qualified Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code; (ii) the federal government discontinues the Recovery Zone Economic Development Bonds direct payment program or reduces the refundable credit to the City with retroactive applicability to bonds issued prior to the date of such discontinuance or reduced refundable credit; or (iii) the receipt by the City of a written opinion of nationally recognized bond counsel selected by the City to the effect that the Bonds are not Qualified Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge (i) net revenues of their water system, and (ii) the 45% direct payment credit from the United States Treasury. The proceeds will be used to finance the construction of a new water system infrastructure.

TAXABILITY OF INTEREST

The interest to be paid on the Bonds is includable in gross income of the recipient for United States and State of Minnesota income tax purposes, and is subject to Minnesota Corporate and bank excise taxes measured by net income.

BIDDING PARAMETERS

To comply with the “Build America Bond” provisions of the Internal Revenue Code of 1986, as amended (the “Code”), each proposal for the Taxable Bonds must specify the expected reoffering price for each maturity of the Bonds, and (i) each such reoffering price cannot exceed the par amount of the maturity by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the maturity of the Bonds and (ii) in the initial offering no bond may be sold for a price in excess of such limit unless the IRS provides authoritative guidance to the contrary.

Proposals for the Bonds shall be for not less than \$11,327,420 and for not more than the Maximum Permitted Price, as described below.

| <u>Year</u> | Maximum Permitted <u>Price</u> | <u>Year</u> | Maximum Permitted <u>Price</u> | <u>Year</u> | Maximum Permitted <u>Price</u> | <u>Year</u> | Maximum Permitted <u>Price</u> |
|-------------|--------------------------------------|-------------|--------------------------------------|-------------|--------------------------------------|-------------|--------------------------------------|
| 2016 | 101.25% | 2021 | 102.50% | 2026 | 102.50% | 2031 | 102.50% |
| 2017 | 101.50% | 2022 | 102.50% | 2027 | 102.50% | 2032 | 102.50% |
| 2018 | 101.75% | 2023 | 102.50% | 2028 | 102.50% | 2033 | 102.50% |
| 2019 | 102.00% | 2024 | 102.50% | 2029 | 102.50% | 2034 | 102.50% |
| 2020 | 102.25% | 2025 | 102.50% | 2030 | 102.50% | 2035 | 102.50% |

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$114,650, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the City nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier’s check** should be made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101.

Any Deposit sent via **wire transfer** should be sent to Springsted Incorporated as the City’s agent according to the following instructions:

Wells Fargo Bank, N.A., San Francisco, CA 94104
 ABA #121000248
 For credit to Springsted Incorporated, Account #635-5007954

Contemporaneously with such wire transfer, the bidder shall send an e-mail to bond_services@springsted.com, including the following information; (i) indication that a wire

transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be delivered to the City following the award of the Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following City action relative to an award of the Bonds.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota and pre-approved by the City. Such bond must be submitted to Springsted Incorporated prior to the opening of the proposals. The Financial Surety Bond must identify each underwriter whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to an underwriter using a Financial Surety Bond, then that underwriter is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The Deposit received from the purchaser, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis, treating the credit available to the City as a reduction in each interest payment. No proposal for the Taxable Bonds may require reoffering premiums in excess of the maximums set for the Taxable Bonds issued as "Recovery Zone Economic Development Bonds". The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefore at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about December 1, 2010, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefore, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 250 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Adopted this 6th day of October, 2010 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Greg Hunter, Mayor

ATTEST:

Douglas Sell, City Administrator/Clerk-Treasurer

CERTIFICATION OF MINUTES RELATING TO
GENERAL OBLIGATION UTILITY REVENUE BONDS,
SERIES 2010B

Issuer: City of East Bethel, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on October 6, 2010, at 7:30 o'clock p.m. at the East Bethel municipal offices.

Members present: Mayor Hunter, Council Members Boyer, Channer, Paavola and Voss

Members absent: All Present

Documents Attached:

Minutes of said meeting:

RESOLUTION AUTHORIZING ISSUANCE AND SALE OF GENERAL OBLIGATION
UTILITY REVENUE BONDS, SERIES 2010B

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

WITNESS my hand officially as such recording officer on October 7, 2010.

City Administrator/Clerk-Treasurer

Attachment #2

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2010-59

**RESOLUTION AUTHORIZING ISSUANCE AND SALE OF GENERAL
OBLIGATION UTILITY REVENUE BONDS, SERIES 2010B**

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF EAST BETHEL, MINNESOTA THAT:**

SECTION 1. PURPOSE. It is hereby determined to be in the best interests of the City to issue its \$6,905,000 aggregate principal amount of General Obligation Utility Revenue Bonds, Series 2010B (the "Bonds"), to provide funds to finance a sanitary sewer system project and a water infrastructure project in the City.

SECTION 2. TERMS OF PROPOSAL. Springsted Incorporated, financial consultant to the City, has presented to this Council a form of Terms of Proposal for the Bonds which is attached hereto and hereby approved and shall be placed on file by the City Clerk-Treasurer. Each and all of the provisions of the Terms of Proposal are hereby adopted as the terms and conditions of the Bonds and of the sale thereof. Springsted Incorporated, as independent financial advisers, pursuant to Minnesota Statutes, Section 475.60, Subdivision 2, paragraph (9) is hereby authorized to solicit proposals for the Bonds on behalf of the City on a competitive basis without requirement of published notice.

SECTION 3. SALE MEETING. This Council shall meet at the time and place shown in the Terms of Proposal for the purpose of considering sealed bids for the purchase of the Bonds and of taking such action thereon as may be in the best interests of the City.

**THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE
THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE
FOLLOWING BASIS:**

TERMS OF PROPOSAL

\$6,905,000*

CITY OF EAST BETHEL, MINNESOTA

**TAXABLE GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2010B
(BUILD AMERICA BONDS – DIRECT PAY)**

OR

GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2010B

(BOOK ENTRY ONLY)

* Preliminary; subject to change.

The City is requesting proposals for the above-named Issue optionally as conventional tax-exempt general obligations (the “Tax-Exempt Bonds”) or as taxable general obligations which the City will elect to designate “Qualified Build America Bonds (Direct Pay)” (the “Taxable Bonds”). Proposals for the Bonds and the Good Faith Deposit (“Deposit”) will be received on Wednesday, November 3, 2010, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed Proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final Proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted Proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all Bids submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY[®] shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY[®] is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY[®], this Terms of Proposal shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

| | |
|------|-----------|
| 2016 | \$105,000 |
| 2017 | \$ 80,000 |
| 2018 | \$ 85,000 |
| 2019 | \$145,000 |
| 2020 | \$235,000 |
| 2021 | \$200,000 |
| 2022 | \$170,000 |
| 2023 | \$175,000 |
| 2024 | \$190,000 |
| 2025 | \$250,000 |
| 2026 | \$330,000 |
| 2027 | \$210,000 |
| 2028 | \$290,000 |
| 2029 | \$370,000 |
| 2030 | \$460,000 |
| 2031 | \$595,000 |
| 2032 | \$705,000 |
| 2033 | \$740,000 |
| 2034 | \$765,000 |
| 2035 | \$805,000 |

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the maturity amounts offered for sale. Any such increase or reduction will be made in multiples of \$5,000 in any of the maturities. In the event the principal amount of the Bonds is increased or reduced, any premium offered or any discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced.*

TERM BONDS

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. In the event the Bonds are issued as Tax-Exempt Bonds, term bonds will be allowed in all maturities. **If the Bonds are issued as Taxable Bonds, term bonds are allowed for only the Bonds maturing in the years 2021 and thereafter.** All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”),

New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2021, and on any day thereafter, to prepay Bonds due on or after February 1, 2022. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

EXTRAORDINARY REDEMPTION

If the Bonds are designated and issued as Taxable Bonds under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), at the option of the City, the Bonds are also subject to extraordinary redemption in whole, but not in part, at a redemption price equal to par plus accrued interest to the redemption date, upon or on any date after the occurrence of a Determination of Ineligibility. A "Determination of Ineligibility" means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which would have the effect of deeming, determining or rendering the Bonds not qualified for treatment as Qualified Build America Bonds under Section 54AA of the Code; (ii) the federal government discontinues the Build America Bonds direct payment program or reduces the refundable credit to the City with retroactive applicability to bonds issued prior to the date of such discontinuance or reduced refundable credit (iii) the receipt by the City of a written opinion of nationally recognized bond counsel selected by the City to the effect that the Bonds are not Qualified Build America Bonds under Section 54AA of the Code.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of their water and sanitary sewer systems. In addition, if issued as Taxable Bonds, the City will pledge the 35% direct payment credit from the United States Treasury. The proceeds will be used to finance (i) various costs related to the construction of a new water system and (ii) various infrastructure improvements to their sanitary sewer system.

TAXABILITY OF INTEREST

In the event the Bonds are issued as Taxable Bonds, the interest to be paid on the Bonds is includable in gross income of the recipient for United States and State of Minnesota income tax purposes, and is subject to Minnesota Corporate and bank excise taxes measured by net income.

BIDDING PARAMETERS

Bidders may provide proposals for the Bonds specifying interest rates for the Bonds if issued as Tax-Exempt Bonds, or alternatively, specifying interest rates for the Bonds if issued as Taxable Bonds. To comply with the “Build America Bond” provisions of the Internal Revenue Code of 1986, as amended (the “Code”), each proposal for the Taxable Bonds must specify the expected reoffering price for each maturity of the Bonds, and (i) each such reoffering price cannot exceed the par amount of the maturity by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the maturity of the Bonds and (ii) in the initial offering no bond may be sold for a price in excess of such limit unless the IRS provides authoritative guidance to the contrary. Separate proposal forms and Parity provisions have been provided for submitting proposals for the Bonds if to be designated Tax-Exempt Bonds or designated Taxable Bonds.

Proposals for the Tax-Exempt Bonds shall be for not less than \$6,822,140 (the “Minimum Bid”) and accrued interest on the total principal amount of the Bonds. Proposals for the Taxable Bonds shall be for not less than the Minimum Bid and for not more than the Maximum Permitted Price, as described below.

| <u>Year</u> | <u>Maximum Permitted Price</u> |
|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|
| 2016 | 101.25% | 2022 | 102.50% | 2027 | 102.50% | 2032 | 102.50% |
| 2017 | 101.50% | 2023 | 102.50% | 2028 | 102.50% | 2033 | 102.50% |
| 2018 | 101.75% | 2024 | 102.50% | 2029 | 102.50% | 2034 | 102.50% |
| 2019 | 102.00% | 2025 | 102.50% | 2030 | 102.50% | 2035 | 102.50% |
| 2020 | 102.25% | 2026 | 102.50% | 2031 | 102.50% | 2036 | 102.50% |
| 2021 | 102.50% | | | | | | |

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$69,050, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire

transfer or Financial Surety Bond. Neither the City nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier's check** should be made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101.

Any Deposit sent via **wire transfer** should be sent to Springsted Incorporated as the City's agent according to the following instructions:

Wells Fargo Bank, N.A., San Francisco, CA 94104
ABA #121000248
For credit to Springsted Incorporated, Account #635-5007954

Contemporaneously with such wire transfer, the bidder shall send an e-mail to bond_services@springsted.com, including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be delivered to the City following the award of the Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following City action relative to an award of the Bonds.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota and pre-approved by the City. Such bond must be submitted to Springsted Incorporated prior to the opening of the proposals. The Financial Surety Bond must identify each underwriter whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to an underwriter using a Financial Surety Bond, then that underwriter is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The Deposit received from the purchaser, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis, treating the credit available to the City if the Bonds are issued as Taxable Bonds constituting "Qualified Build America Bonds" as a reduction in each interest payment. No proposal for the Taxable Bonds may require reoffering premiums in excess of the maximums set for the Taxable Bonds issued as "Qualified Build America Bonds." The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about December 1, 2010, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefore, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 250 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Adopted this 6th day of October, 2010 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Greg Hunter, Mayor

ATTEST:

Douglas Sell, City Administrator

Springsted Incorporated
380 Jackson Street, Suite 300
Saint Paul, MN 55101-2887



Tel: 651-223-3000
Fax: 651-223-3002
www.springsted.com

September 29, 2010

Mr. Douglas Sell
City Administrator
City of East Bethel
2241 221st Avenue NE
East Bethel, MN 55011

Re: Recommendations for the Issuance of:
\$11,465,000 Taxable General Obligation Water Utility Revenue Bonds, Series 2010A (Recovery Zone Economic Development Bonds – Direct Pay)
\$6,905,000 Taxable General Obligation Utility Revenue Bonds, Series 2010B (Build America Bonds – Direct Pay)

Dear Mr. Sell:

We have enclosed an electronic copy of our recommendations for the above-captioned issues for distribution to Council members and City staff prior to your meeting on Wednesday, October 6, 2010.

We will be forwarding under separate cover, contracts for services relating to continuing disclosure and arbitrage compliance for these issues. If the City chooses to engage Springsted to provide these service, please sign and return the forms so that Springsted will be authorized to complete calculations and reporting as may be required related to these issues.

If you should have any questions pertaining to the enclosed documents, or if you require additional copies, please do not hesitate to contact us.

Sincerely,

Christine M. Hogan

Christine M. Hogan
Project Manager

akb

Enclosures

Attachment #3

Recommendations
For
City of East Bethel, Minnesota

\$11,465,000*

Taxable General Obligation Water Utility Revenue Bonds, Series 2010A
(Recovery Zone Economic Development Bonds – Direct Pay)

\$6,905,000*

Taxable General Obligation Utility Revenue Bonds, Series 2010B
(Build America Bonds – Direct Pay)

**Preliminary; subject to change.*

Presented to:

Honorable Greg Hunter, Mayor
Members, City Council
Mr. Douglas Sell, City Administrator
City of East Bethel
2241 221st Avenue NE
East Bethel, MN 55011

Study No.: 001191104
SPRINGSTED Incorporated
September 29, 2010



RECOMMENDATIONS

Re: Recommendations for the Issuance of:
\$11,465,000*Taxable General Obligation Water Utility Revenue Bonds, Series 2010A (Recovery Zone Economic Development Bonds – Direct Pay) (the “Series 2010A Bonds” or “RZEDBs”)
\$6,905,000* Taxable General Obligation Utility Revenue Bonds, Series 2010B (Build America Bonds – Direct Pay) (the “Series 2010B Bonds” or “BABs”) (Build America Bonds – Direct Pay)
(collectively referred to as the “Bonds” or the “Issues”)

We respectfully request your consideration of our recommendations for the above-named Issues. Proceeds of the Bonds will be used to finance the Phase I Project 1 Utility Infrastructure Improvements (the “Project”). The Project consists of infrastructure improvements to the City’s Water System (the “Water System Project”) and Sanitary Sewer System (the “Sanitary Sewer System Project”).

The sale notice for the Series 2010B Bonds will contain a provision to receive bids as either tax-exempt obligations or taxable “Build America Bonds.” Further information can be found in the “Discussion” section.

We recommend the following for the Bonds:

1. *Action Requested* To establish the date and time of receiving bids and establish the terms and conditions of the offerings.
2. *Sale Date and Time* Wednesday, November 3, 2010 at 10:30 A.M., with consideration for award by the City Council at 7:30 P.M. that same day.
3. *Method of Sale* The Bonds will be sold through a competitive bidding process. In the interest of obtaining as many bids as possible, we have included a provision in the attached official Terms of Proposal for underwriters to submit their bids electronically through the electronic bidding platform of PARITY®. In addition, physical bids (by phone or fax) will be accepted at the offices of Springsted.

A good faith deposit will be required of bidders and may be submitted by (i) certified/cashier’s check, (ii) a financial surety bond, or (iii) a wire transfer to Springsted, who will serve as your agent.
4. *Authority for the Issues* The Bonds are being issued pursuant to Minnesota Statutes, Chapters 475 and 444.

**Preliminary; subject to change.*

5. *Principal Amount of the Issues**

Series 2010A Bonds - \$11,465,000*

Series 2010B Bonds - \$6,905,000*

*Included in the Terms of Proposals for the Bonds is a provision that permits the City to increase or reduce the principal amount of the Issues in any of the maturities. This allows for any necessary adjustments required based on final interest rates and issuance costs.

6. *Repayment Terms*

Interest on the Bonds will be payable semi-annually each February 1 and August 1, commencing August 1, 2011. The Issues will mature annually February 1, 2016 through 2035.

7. *Security and Source of Payment*

The Issues will be general obligations of the City for which the City pledges its full faith and credit and power to levy general ad valorem taxes.

In regards to the Series 2010A Bonds, the City will also pledge (i) net revenues of its Water System, and (ii) the 45% RZEDB tax credit payment from the federal government.

In regards to the Series 2010B, the City will also pledge net revenues of its Water and Sanitary Sewer System; and, if sold as BABs, the 35% tax credit payment from the federal government.

8. *Prepayment Provisions*

(a) *Optional Redemption*

The City may elect on February 1, 2019, and on any date thereafter, to prepay the Bonds due on or after February 1, 2020, at a price of par plus accrued interest.

(b) *Extraordinary Redemption – the RZEDBs and the Series 2010B Bonds if issued and designated as BABs*

Upon the occurrence of an Extraordinary Event, the City may elect to prepay the Bonds at any time and on any date at a price of par plus accrued interest.

An "Extraordinary Event" as defined (i) for RZEDBs, will have occurred if a material adverse change has occurred to Section 54AA, 1400U-2, or 6431 or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Recovery Zone Economic Development Bonds") pursuant to which the City's 45% direct payment credit from the United States Treasury is reduced or eliminated or (ii) for BABs, will have occurred if a material adverse change has occurred to Section 54AA or 6431 of

the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the City's 35% direct payment credit from the United States Treasury is reduced or eliminated..

9. *Credit Rating Comments*

An application will be made to Moody's Investors Service for ratings on the Issues. The City's general obligation debt is currently rated "Aa3."

10. *Term Bonds*

We have included a provision for the Issues that permits the underwriters to combine multiple maturity years into a term bond, subject to mandatory redemption on the same maturity schedule provided in the Terms of Proposal. The advantage to the underwriter is that it provides large blocks of bonds, which are more attractive to bond funds, and certain pension funds. This in turn is a benefit to the City since selling larger blocks of bonds reduces the risk to the underwriter, allowing them to lower their costs and the interest coupons. Since the Issues are being offered on a competitive bid basis and awarded on the lowest true interest cost, the City will award the Issues to the best bid regardless of whether term bonds are chosen or not.

11. *Federal Treasury Regulations Concerning Tax-Exempt Obligations*

These provisions also apply to RZEDBs and BABs.

(a) *Bank Qualification*

Under Federal Tax Law, financial institutions cannot deduct from income for federal income tax purposes, expense that is allocable to carrying and acquiring tax-exempt bonds. There is an exemption to this for "bank qualified" bonds, which can be so designated if the issuer does not issue more than \$30 million of tax-exempt bonds in a calendar year. Issues that are bank qualified generally receive slightly lower interest rates than issues that are not bank qualified. Since the City does not expect to issue more than \$30 million of tax-exempt obligations in 2010, the Issues will be designated as bank qualified.

The American Recovery and Reinvestment Tax Act of 2009 increased the previous bank qualification limit of \$10 million to \$30 million for tax-exempt obligations issued in 2009 and 2010.

The bank qualification regulations do not apply to RZEDBs and BABs.

(b) Arbitrage Compliance

All tax-exempt issues, RZEDBs and BABs are subject to the federal arbitrage and rebate requirements, which require all excess earnings created by the financing to be rebated to the U.S. Treasury. The requirements generally cover two categories: issue proceeds and debt service funds. There are exemptions from rebate that may apply in both of these categories.

(i) Rebate

Bond proceeds, defined generally as both the original principal of the issue and the investment earnings on the principal, may qualify for a 6-month, 18-month or 24-month spending exception to rebate. Each of the three spending exceptions requires a certain percentage of the bond proceeds be spent at 6-month intervals. If the City meets one of spending exemptions the project fund will be exempt from rebate.

It is our understanding that the City expects to meet the 24-month spending exemption for the Bonds, in which case, rebate of construction fund interest earnings will not be required.

The spending exemptions ultimately rely on actual expenditures; therefore, if proceeds are spent slower than anticipated, the City may not be eligible for the construction fund rebate exemption.

(ii) Yield Restriction

The City must maintain a bona fide debt service fund for the Issues or be subject to yield restriction. Yield restriction requires restricting the investment return in the debt service fund to the yield on the Obligations. A bona fide debt service fund is a fund for which there is an equal matching of revenue to debt service expense, with the fund spent down each year to a carry over permitted equal to the greater of the investment earnings in the fund during the prior year or 1/12 the debt service of the prior year.

Springsted can provide arbitrage compliance services to the City. A contract to provide this service will be provided to City staff.

(c) Economic Life

The average life of Bonds cannot exceed 120% of the economic life of the projects to be financed.

The economic life of the projects being financed with the Bonds is 40 years. The average life of the Series 2010A

Bonds is 18.321 years and the average life of the Series 2010B Bonds is 16.373 years; therefore the Bonds meet the economic life requirements.

(d) *Federal Reimbursement Regulations*

Federal reimbursement regulations require the City to make a declaration, within 60 days of the actual payment, of its intent to reimburse itself for expenses paid prior to the receipt of issue proceeds. It is our understanding the City has taken whatever actions are necessary to comply with the federal reimbursement regulations in regards to the Bonds.

12. *Continuing Disclosure*

The Bonds are subject to continuing disclosure requirements set forth by the Securities and Exchange Commission. The SEC rules require the underwriter of the Bonds to provide an annual update of certain Official Statement information and report any material events to bond holders. The purchaser therefore requires the City to commit to providing such information under a continuing disclosure agreement or "undertaking." If the City does not enter into such an agreement prior to the offering of the debt, underwriters will not offer a bid to purchase the Bonds.

Springsted can provide continuing disclosure services to the City. A contract to provide this service will be provided to City staff.

13. *Attachments*

The Series 2010A Bonds:

- Sources and Uses Schedule
- Debt Service Schedule

The Series 2010B Bonds:

- Sources and Uses Schedule
- Debt Service Schedule

Terms of Proposals

DISCUSSION

The City would like to take advantage of the financing options permitted under the American Recovery and Reinvestment Act (ARRA) and have therefore decided to finance the Project through the issuance of Recovery Zone Economic Development Bonds (RZEDBs) and Build America Bonds (BABs). Both RZEDBs and BABs are taxable obligations whereby the City will receive a direct tax credit equal to 45% for each semiannual interest payment on the RZEDBs and 35% on the BABs.

The amount of costs of issuance (which includes underwriter's compensation) that can be paid from RZEDB or BAB proceeds are limited to 2% of the sale proceeds of the Bonds. **Any costs of issuance above the 2% limit would need to be paid from other available sources such as funds on hand. Based on the principal amount of the Bonds, the estimated costs of issuance does not exceed the 2% limit.**

Proceeds of the Bonds will be used to finance the Phase I Project 1 Utility Infrastructure Improvements (the "Project"). The Project consists of infrastructure improvements to the City's Water System (the "Water System Project") and Sanitary Sewer System (the "Sanitary Sewer System Project"). Since the Water and Sanitary Sewer Systems are new infrastructure, the City hired Bolton & Menk, Inc. to develop a Feasibility Study. The Feasibility Study describes the Project, the financing and funding of the Project.

Series 2010A Bonds (RZEDBs)

A municipality may issue Recovery Zone Economic Development Bonds (RZEDBs) to finance certain projects that qualify as economic development purposes within a recovery zone. The federal allocation for Recovery Zone Economic Development Bonds for the City is \$11,465,000. This represents the maximum principal amount of such obligations that can be issued by the City.

The proceeds of the Series 2010A Bonds will finance utility infrastructure improvements related to the City's Water System (the "Water System Project"). The sources and uses for the Series 2010A Bonds is shown on page 9. The detailed project costs are provided below:

| | |
|--------------------------|---------------------|
| Trunk Pipe | \$2,701,469 |
| Lateral Pipe | 1,000,902 |
| Water Treatment Facility | 5,541,280 |
| Water Tower | 1,062,000 |
| Wells | 938,100 |
| Land/Easement | <u>550,000</u> |
| Total | \$11,793,751 |

Since the total cost of the Water System Project exceeds the City's RZEDB allowance of \$11,465,000, a portion of the Water System Project will be financed with proceeds of the Series 2010B Bonds. The Series 2010A Bonds will finance approximately \$10,239,379 of the Water System Project.

The Series 2010A Bonds will be repaid from net revenues of the City's Water System. The revenues of the Water System are referred to as "Charge System Components" which are described in the attached Feasibility Study and include the following components: lateral benefit assessment, lateral benefit availability charge, trunk availability charge, trunk charge, water facility availability charge, water facility charge, user charges and future internal lateral project costs.

Since the projected revenues are not expected to be available until 2013, capitalized interest has been included in the par amount of the Series 2010A Bonds in an amount required to pay the interest through December 1, 2013. Therefore the capitalized interest fund established with the proceeds of the Series 2010A Bonds will make the full interest payments through and including August 1, 2013 and a portion of the February 1, 2014 interest payment.

Principal repayment for the Series 2010A Bonds has been structured around the projected revenues as provided by Bolton & Menk, Inc. and proposed future debt issuance for a term of 24 years with 20 years of principal payment beginning February 1, 2016. The net debt service schedule for the Series 2010A Bonds is shown on page 10 and includes the projected revenues.

The City expects to issue additional debt to finance costs related to the Water System in the amount of \$3.2M in each of the following years; 2015, 2020 and 2025. An aggregate debt schedule showing the future Water System debt is shown on page 11.

Series 2010B Bonds (BABs)

In regards to the Series 2010B Bonds and pursuant to discussions with City staff regarding BABs (direct pay) we are recommending that the City permit two alternative bidding options for the Series 2010B Bonds. Underwriters may bid the Bonds on a traditional tax-exempt basis or they may bid the Bonds as BABs (direct pay) at taxable rates with a tax credit paid to the City. The best offer for the City will be based on an analysis that compares the tax-exempt offers to the taxable offers net of the direct pay tax credit. To date, BABs have priced better than tax-exempt bonds. Therefore, for purposes of these Recommendations we are showing the bond structures and debt service schedules for the Series 2010B Bonds as BABs.

The proceeds of the Series 2010B Bonds will finance utility infrastructure improvements related to the City's Sanitary Sewer System (the "Sewer System Project") in the amount of \$4,500,000 and the portion of the Water System Project not financed with the RZEDBs in the estimated amount of \$1,553,621. The detailed sources and uses of funds for the Series 2010B Bonds is shown on page 12.

The Series 2010B Bonds will be repaid from net revenues of the City's Water System and Sanitary Sewer System. The revenues of the Water System and Sanitary Sewer System are referred to as "Charge System Components" which are described in the attached Feasibility Study and include the following components: lateral benefit assessment, lateral benefit availability charge, trunk availability charge, trunk charge, water facility availability charge, water facility charge, user charges and future internal lateral project costs.

Since the projected revenues are not expected to be available until 2013, capitalized interest has been included in the par amount of the Series 2010B Bonds in an amount required to pay the interest through December 1, 2013.

City of East Bethel, Minnesota
September 29, 2010

Therefore the capitalized interest fund established with the proceeds of the Series 2010B Bonds will make the full interest payments through and including August 1, 2013 and a portion of the February 1, 2014 interest payment.

The Series 2010B Bonds have been structured as two independent purposes; water projects and sewer projects. Each of the purposes have principal repayment structured around the projected revenues as provided by Bolton & Menk, Inc. and proposed future debt issuance for a term of 24 years with principal payments over 20 years with the first principal payment due on February 1, 2016. The debt service schedule for the Series 2010B Bonds as a whole is shown on page 13. Pages 14 and 15 provide individual debt schedules by purpose.

The City expects to issue additional debt to finance costs related to the Sanitary Sewer System in the amount of \$3.8M in each of the following years; 2015, 2020 and 2025. An aggregate debt schedule showing the future Sanitary Sewer System debt is shown on page 16.

Springsted is pleased to again be of service to the City of East Bethel.

Respectfully submitted,

A handwritten signature in cursive script that reads "Springsted Incorporated".

SPRINGSTED Incorporated

CMH
akb

Provided to Staff: Rebate and Continuing Disclosure Contract Amendments

\$11,465,000

City of East Bethel, Minnesota

Taxable General Obligation Water Utility Revenue Bonds, Series 2010A
(Recovery Zone Economic Development Bonds - Direct Pay)

Sources & Uses

Dated 12/01/2010 | Delivered 12/01/2010

Sources Of Funds

| | |
|---------------------------|------------------------|
| Par Amount of Bonds..... | \$11,465,000.00 |
| Total Sources..... | \$11,465,000.00 |

Uses Of Funds

| | |
|---|------------------------|
| Available for Project Costs..... | 10,239,379.21 |
| Deposit to Capitalized Interest (CIF) Fund..... | 1,024,915.79 |
| Total Underwriter's Discount (1.200%)..... | 137,580.00 |
| Costs of Issuance..... | 63,125.00 |
| Total Uses..... | \$11,465,000.00 |

\$11,465,000

City of East Bethel, Minnesota

Taxable General Obligation Water Utility Revenue Bonds, Series 2010A
(Recovery Zone Economic Development Bonds - Direct Pay)

NET DEBT SERVICE vs. REVENUE

| Date | Principal | Coupon | Interest | Federal Credit | Total P+ | CIF | Net New D/S | 105% Overlay | Revenue | Srpls(Shr/fall) |
|--------------|------------------------|--------|------------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| 02/01/2011 | - | - | 750,755.83 | (337,840.12) | 412,915.71 | (412,915.71) | 0.00 | 0.00 | - | - |
| 02/01/2012 | - | - | 643,505.00 | (289,577.24) | 353,927.76 | (353,927.75) | 0.01 | 0.01 | - | (0.01) |
| 02/01/2013 | - | - | 643,505.00 | (289,577.24) | 353,927.76 | (258,072.34) | 95,855.43 | 100,648.20 | 219,646.00 | 118,997.80 |
| 02/01/2014 | - | - | 643,505.00 | (289,577.24) | 353,927.76 | - | 353,927.76 | 371,624.15 | 288,452.00 | (83,172.15) |
| 02/01/2015 | 200,000.00 | 3.600% | 643,505.00 | (289,577.24) | 553,927.76 | - | 553,927.76 | 581,624.15 | 865,783.00 | 284,158.85 |
| 02/01/2016 | 150,000.00 | 3.900% | 636,305.00 | (286,337.24) | 499,967.76 | - | 499,967.76 | 524,966.15 | 1,047,519.00 | 522,552.85 |
| 02/01/2017 | 225,000.00 | 4.400% | 630,455.00 | (283,704.74) | 571,750.26 | - | 571,750.26 | 600,337.77 | 1,237,574.00 | 637,236.23 |
| 02/01/2018 | 410,000.00 | 4.500% | 620,555.00 | (279,249.74) | 751,305.26 | - | 751,305.26 | 788,870.52 | 1,426,255.00 | 637,384.48 |
| 02/01/2019 | 515,000.00 | 4.700% | 602,105.00 | (270,947.24) | 846,157.76 | - | 846,157.76 | 888,465.65 | 1,571,446.00 | 682,980.35 |
| 02/01/2021 | 400,000.00 | 4.800% | 577,900.00 | (260,055.00) | 717,845.00 | - | 717,845.00 | 753,737.25 | 1,362,049.00 | 608,311.75 |
| 02/01/2022 | 300,000.00 | 4.900% | 558,700.00 | (251,415.00) | 607,285.00 | - | 607,285.00 | 637,649.25 | 1,491,211.00 | 853,561.75 |
| 02/01/2023 | 400,000.00 | 5.000% | 544,000.00 | (244,800.00) | 699,200.00 | - | 699,200.00 | 734,160.00 | 1,626,411.00 | 892,251.00 |
| 02/01/2024 | 490,000.00 | 5.100% | 524,000.00 | (235,800.00) | 778,200.00 | - | 778,200.00 | 817,110.00 | 1,767,871.00 | 950,761.00 |
| 02/01/2025 | 590,000.00 | 5.200% | 499,010.00 | (224,554.50) | 864,455.50 | - | 864,455.50 | 907,678.28 | 1,848,352.00 | 940,673.73 |
| 02/01/2026 | 655,000.00 | 5.400% | 468,330.00 | (210,748.50) | 912,581.50 | - | 912,581.50 | 958,210.58 | 2,003,115.00 | 1,044,904.43 |
| 02/01/2027 | 630,000.00 | 5.550% | 432,960.00 | (194,832.00) | 868,128.00 | - | 868,128.00 | 911,534.40 | 2,164,928.00 | 1,253,393.60 |
| 02/01/2028 | 690,000.00 | 5.650% | 397,995.00 | (179,097.74) | 908,897.26 | - | 908,897.26 | 954,342.12 | 2,334,073.00 | 1,379,730.88 |
| 02/01/2029 | 710,000.00 | 5.850% | 359,010.00 | (161,554.50) | 907,455.50 | - | 907,455.50 | 952,828.28 | 2,510,849.00 | 1,558,020.73 |
| 02/01/2030 | 850,000.00 | 5.950% | 317,475.00 | (142,863.74) | 1,024,611.26 | - | 1,024,611.26 | 1,075,841.82 | 2,695,537.00 | 1,619,695.18 |
| 02/01/2031 | 850,000.00 | 6.000% | 266,900.00 | (120,105.00) | 996,795.00 | - | 996,795.00 | 1,046,634.75 | 2,987,698.00 | 1,941,063.25 |
| 02/01/2032 | 850,000.00 | 6.350% | 215,900.00 | (97,155.00) | 968,745.00 | - | 968,745.00 | 1,017,182.25 | 3,209,038.00 | 2,191,855.75 |
| 02/01/2033 | 850,000.00 | 6.350% | 161,925.00 | (72,866.24) | 939,058.76 | - | 939,058.76 | 986,011.70 | 3,209,038.00 | 2,223,026.30 |
| 02/01/2034 | 850,000.00 | 6.350% | 107,950.00 | (48,577.50) | 909,372.50 | - | 909,372.50 | 954,841.13 | 3,209,038.00 | 2,254,196.88 |
| 02/01/2035 | 850,000.00 | 6.350% | 53,975.00 | (24,288.74) | 879,686.26 | - | 879,686.26 | 923,670.57 | 2,285,367.43 | 2,285,367.43 |
| 02/01/2036 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2037 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2038 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2039 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2040 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2041 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2042 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2043 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2044 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2045 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| 02/01/2046 | - | - | - | - | - | - | - | - | 3,209,038.00 | 3,209,038.00 |
| Total | \$11,465,000.00 | - | \$11,300,225.83 | (5,085,101.50) | \$17,680,124.33 | (1,024,915.79) | \$16,655,208.54 | \$17,487,968.97 | \$77,584,339.00 | \$60,096,370.03 |

Dated.....
 Delivery Date.....
 First Coupon Date.....

Yield Statistics

Bond Year Dollars.....
 Average Life.....
 Average Coupon.....
 Net Interest Cost (NIC).....
 True Interest Cost (TIC).....
 Bond Yield for Arbitrage Purposes.....
 All Inclusive Cost (AIC).....

Series 2010 Taxable RZZD / Water / 9/28/2010 / 12:14 PM



City of East Bethel, Minnesota
 General Obligation Water Utility Revenue Bonds
 Future Financing

Aggregate Debt Service

| DATE | 2015 Issue | 2020 Issue | 2025 Issue | TOTAL |
|--------------|-----------------------|-----------------------|-----------------------|------------------------|
| 02/01/2017 | 295,200.00 | - | - | 295,200.00 |
| 02/01/2018 | 291,800.00 | - | - | 291,800.00 |
| 02/01/2019 | 296,100.00 | - | - | 296,100.00 |
| 02/01/2020 | 294,800.00 | - | - | 294,800.00 |
| 02/01/2021 | 293,200.00 | - | - | 293,200.00 |
| 02/01/2022 | 296,300.00 | 295,200.00 | - | 591,500.00 |
| 02/01/2023 | 293,800.00 | 291,800.00 | - | 585,600.00 |
| 02/01/2024 | 296,000.00 | 296,100.00 | - | 592,100.00 |
| 02/01/2025 | 292,600.00 | 294,800.00 | - | 587,400.00 |
| 02/01/2026 | 293,900.00 | 293,200.00 | - | 587,100.00 |
| 02/01/2027 | 294,600.00 | 296,300.00 | 295,200.00 | 886,100.00 |
| 02/01/2028 | 294,700.00 | 293,800.00 | 291,800.00 | 880,300.00 |
| 02/01/2029 | 294,200.00 | 296,000.00 | 296,100.00 | 886,300.00 |
| 02/01/2030 | 293,100.00 | 292,600.00 | 294,800.00 | 880,500.00 |
| 02/01/2031 | 291,400.00 | 293,900.00 | 293,200.00 | 878,500.00 |
| 02/01/2032 | 294,100.00 | 294,600.00 | 296,300.00 | 885,000.00 |
| 02/01/2033 | 295,900.00 | 294,700.00 | 293,800.00 | 884,400.00 |
| 02/01/2034 | 291,800.00 | 294,200.00 | 296,000.00 | 882,000.00 |
| 02/01/2035 | 292,100.00 | 293,100.00 | 292,600.00 | 877,800.00 |
| 02/01/2036 | 291,500.00 | 291,400.00 | 293,900.00 | 876,800.00 |
| 02/01/2037 | - | 294,100.00 | 294,600.00 | 588,700.00 |
| 02/01/2038 | - | 295,900.00 | 294,700.00 | 590,600.00 |
| 02/01/2039 | - | 291,800.00 | 294,200.00 | 586,000.00 |
| 02/01/2040 | - | 292,100.00 | 293,100.00 | 585,200.00 |
| 02/01/2041 | - | 291,500.00 | 291,400.00 | 582,900.00 |
| 02/01/2042 | - | - | 294,100.00 | 294,100.00 |
| 02/01/2043 | - | - | 295,900.00 | 295,900.00 |
| 02/01/2044 | - | - | 291,800.00 | 291,800.00 |
| 02/01/2045 | - | - | 292,100.00 | 292,100.00 |
| 02/01/2046 | - | - | 291,500.00 | 291,500.00 |
| Total | \$5,877,100.00 | \$5,877,100.00 | \$5,877,100.00 | \$17,631,300.00 |

\$6,905,000

City of East Bethel, Minnesota
Taxable General Obligation Utility Revenue Bonds, Series 2010B
(Build America Bonds - Direct Pay) - Issue Summary

Total Issue Sources And Uses

Dated 12/01/2010 | Delivered 12/01/2010

| | Water Projects | Sewer Projects | Issue Summary |
|---|---------------------------|---------------------------|--------------------------|
| Sources Of Funds | | | |
| Par Amount of Bonds..... | \$1,790,000.00 | \$5,115,000.00 | \$6,905,000.00 |
| Total Sources..... | \$1,790,000.00 | \$5,115,000.00 | \$6,905,000.00 |
| Uses Of Funds | | | |
| Deposit to Project Construction Fund..... | 1,553,620.80 | 4,500,000.00 | 6,053,620.80 |
| Deposit to Capitalized Interest (CIF) Fund..... | 198,816.00 | 521,807.00 | 720,623.00 |
| Total Underwriter's Discount (1.200%)..... | 21,480.00 | 61,380.00 | 82,860.00 |
| Costs of Issuance..... | 12,054.30 | 34,445.70 | 46,500.00 |
| Rounding Amount..... | 4,028.90 | (2,632.70) | 1,396.20 |
| Total Uses..... | \$1,790,000.00 | \$5,115,000.00 | \$6,905,000.00 |

\$6,905,000

City of East Bethel, Minnesota

Taxable General Obligation Utility Revenue Bonds, Series 2010B
(Build America Bonds - Direct Pay) - Issue Summary

NET DEBT SERVICE vs. REVENUE

| Date | Principal | Coupon | Interest | Federal Credit | Total P+I | CIF | Net New D/S | 105% Overlevy | Revenue | Srpls(Shrftfall) |
|--------------|-----------------------|----------|-----------------------|-----------------------|------------------------|---------------------|------------------------|------------------------|------------------------|------------------------|
| 02/01/2011 | - | - | 466,208.75 | (163,173.04) | 303,035.71 | (303,519.13) | (483.41) | (507.59) | - | 507.59 |
| 02/01/2012 | - | - | 399,607.50 | (139,862.60) | 259,744.90 | (260,159.25) | (414.35) | (435.07) | - | 435.07 |
| 02/01/2013 | - | - | 399,607.50 | (139,862.60) | 259,744.90 | (156,944.63) | 102,800.28 | 107,940.29 | 120,025.00 | 12,084.71 |
| 02/01/2014 | - | - | 399,607.50 | (139,862.60) | 259,744.90 | - | 259,744.90 | 272,732.15 | 173,656.00 | (99,076.15) |
| 02/01/2015 | 105,000.00 | 3.600% | 399,607.50 | (139,862.60) | 364,744.90 | - | 364,744.90 | 382,982.15 | 808,698.85 | 425,716.71 |
| 02/01/2016 | 80,000.00 | 3.900% | 395,827.50 | (138,539.60) | 337,287.90 | - | 337,287.90 | 354,152.30 | 505,935.85 | 151,783.56 |
| 02/01/2017 | 85,000.00 | 4.400% | 392,707.50 | (137,447.62) | 340,259.88 | - | 340,259.88 | 357,272.87 | 768,215.23 | 410,942.36 |
| 02/01/2018 | 145,000.00 | 4.500% | 388,967.50 | (136,138.62) | 397,828.88 | - | 397,828.88 | 417,720.32 | 914,153.48 | 496,433.16 |
| 02/01/2019 | 235,000.00 | 4.700% | 382,442.50 | (133,854.86) | 483,587.64 | - | 483,587.64 | 507,767.02 | 1,112,799.35 | 605,032.33 |
| 02/01/2020 | 200,000.00 | 4.800% | 371,397.50 | (129,989.10) | 441,408.40 | - | 441,408.40 | 463,478.82 | 956,643.75 | 493,164.93 |
| 02/01/2021 | 170,000.00 | 4.900% | 361,797.50 | (126,629.10) | 405,168.40 | - | 405,168.40 | 425,426.82 | 618,731.75 | 193,304.93 |
| 02/01/2022 | 175,000.00 | 5.000% | 353,467.50 | (123,713.60) | 404,753.90 | - | 404,753.90 | 424,991.60 | 767,846.00 | 342,854.41 |
| 02/01/2023 | 190,000.00 | 5.100% | 344,717.50 | (120,651.10) | 414,066.40 | - | 414,066.40 | 434,769.72 | 928,925.00 | 494,155.28 |
| 02/01/2024 | 250,000.00 | 5.200% | 335,027.50 | (117,259.60) | 467,767.90 | - | 467,767.90 | 491,156.30 | 1,033,354.72 | 542,198.43 |
| 02/01/2025 | 330,000.00 | 5.400% | 322,027.50 | (112,709.60) | 539,317.90 | - | 539,317.90 | 566,283.80 | 1,258,663.43 | 692,379.63 |
| 02/01/2026 | 210,000.00 | 5.500% | 304,207.50 | (106,472.60) | 407,734.90 | - | 407,734.90 | 428,121.65 | 906,911.60 | 478,789.95 |
| 02/01/2027 | 290,000.00 | 5.650% | 292,552.50 | (102,393.36) | 480,159.14 | - | 480,159.14 | 504,167.10 | 1,168,742.88 | 664,575.78 |
| 02/01/2028 | 370,000.00 | 5.850% | 276,167.50 | (96,658.60) | 549,508.90 | - | 549,508.90 | 576,984.35 | 1,471,600.73 | 894,616.39 |
| 02/01/2029 | 460,000.00 | 5.950% | 254,522.50 | (89,082.86) | 625,439.64 | - | 625,439.64 | 656,711.62 | 1,677,572.18 | 1,020,860.56 |
| 02/01/2030 | 595,000.00 | 6.000% | 227,152.50 | (79,503.36) | 742,649.14 | - | 742,649.14 | 779,781.60 | 2,205,296.25 | 1,425,514.65 |
| 02/01/2031 | 705,000.00 | 6.350% | 191,452.50 | (67,008.36) | 829,444.14 | - | 829,444.14 | 870,916.35 | 2,613,058.75 | 1,742,142.40 |
| 02/01/2032 | 740,000.00 | 6.350% | 146,685.00 | (51,339.74) | 835,345.26 | - | 835,345.26 | 877,112.52 | 2,645,909.30 | 1,768,796.78 |
| 02/01/2033 | 765,000.00 | 6.350% | 99,695.00 | (34,893.24) | 829,801.76 | - | 829,801.76 | 880,137.70 | 2,672,354.88 | 1,801,063.03 |
| 02/01/2034 | 805,000.00 | 6.350% | 51,117.50 | (17,891.12) | 838,226.38 | - | 838,226.38 | 880,137.70 | 2,714,025.43 | 1,833,887.73 |
| Total | \$6,905,000.00 | - | \$7,556,571.25 | (2,644,799.48) | \$11,816,771.77 | (720,623.00) | \$11,096,148.77 | \$11,650,956.21 | \$28,043,120.41 | \$16,392,164.20 |

Dated.....
 Delivery Date.....
 First Coupon Date.....

Yield Statistics

Bond Year Dollars.....
 Average Life.....
 Average Coupon.....
 Net Interest Cost (NIC).....
 True Interest Cost (TIC).....
 Bond Yield for Arbitrage Purposes.....
 All Inclusive Cost (AIC).....

Series 2010 GO Bonds, EMBs / Issue Summary / 9/28/2010 / 12:15 PM



\$1,790,000

City of East Bethel, Minnesota
 Taxable General Obligation Utility Revenue Bonds, Series 2010B
 (Build America Bonds - Direct Pay) - Water Projects

NET DEBT SERVICE vs. REVENUE

| Date | Principal | Coupon | Interest | Federal Credit | Total P+I | CIF | Net New D/S | 105% Overlay | Revenue | Splis(Shrftfail) |
|--------------|-----------------------|----------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|------------------------|------------------------|
| 02/01/2011 | - | - | - | - | - | - | - | - | - | - |
| 02/01/2012 | - | - | 115,389.17 | (40,386.20) | 75,002.97 | (75,228.56) | (225.59) | (236.87) | - | 236.87 |
| 02/01/2013 | - | - | 98,905.00 | (34,616.74) | 64,288.26 | (64,481.63) | (193.36) | (203.03) | - | 203.03 |
| 02/01/2014 | - | - | 98,905.00 | (34,616.74) | 64,288.26 | (59,105.81) | 5,182.45 | 5,441.57 | 118,997.80 | 113,556.23 |
| 02/01/2015 | - | - | 98,905.00 | (34,616.74) | 64,288.26 | - | 64,288.26 | 67,502.67 | 284,158.85 | (67,502.67) |
| 02/01/2016 | 55,000.00 | 3.600% | 98,905.00 | (34,616.74) | 119,288.26 | - | 119,288.26 | 125,252.67 | 522,552.85 | 158,906.18 |
| 02/01/2017 | 55,000.00 | 3.900% | 96,925.00 | (33,923.74) | 118,001.26 | - | 118,001.26 | 123,901.32 | 398,651.53 | 398,651.53 |
| 02/01/2018 | 60,000.00 | 4.400% | 94,780.00 | (33,173.00) | 121,607.00 | - | 121,607.00 | 127,687.35 | 637,236.23 | 509,548.88 |
| 02/01/2019 | 60,000.00 | 4.500% | 92,140.00 | (32,249.00) | 119,891.00 | - | 119,891.00 | 125,885.55 | 637,384.48 | 511,498.93 |
| 02/01/2020 | 65,000.00 | 4.700% | 89,440.00 | (31,304.00) | 123,136.00 | - | 123,136.00 | 129,292.80 | 682,980.35 | 553,687.55 |
| 02/01/2021 | 70,000.00 | 4.800% | 86,385.00 | (30,234.74) | 126,150.26 | - | 126,150.26 | 132,457.77 | 608,311.75 | 475,853.98 |
| 02/01/2022 | 70,000.00 | 4.900% | 83,025.00 | (29,058.74) | 123,966.26 | - | 123,966.26 | 130,164.57 | 853,561.75 | 723,397.18 |
| 02/01/2023 | 75,000.00 | 5.000% | 79,595.00 | (27,858.24) | 126,736.76 | - | 126,736.76 | 133,073.60 | 892,251.00 | 759,177.40 |
| 02/01/2024 | 80,000.00 | 5.100% | 75,845.00 | (26,545.74) | 129,299.26 | - | 129,299.26 | 135,764.22 | 950,761.00 | 814,996.78 |
| 02/01/2025 | 80,000.00 | 5.200% | 71,765.00 | (25,117.74) | 126,647.26 | - | 126,647.26 | 132,979.62 | 940,673.72 | 807,694.10 |
| 02/01/2026 | 85,000.00 | 5.400% | 67,605.00 | (23,661.74) | 128,943.26 | - | 128,943.26 | 135,390.42 | 1,044,904.42 | 909,514.00 |
| 02/01/2027 | 90,000.00 | 5.500% | 63,015.00 | (22,055.24) | 130,959.76 | - | 130,959.76 | 137,507.75 | 1,253,393.60 | 1,115,885.85 |
| 02/01/2028 | 95,000.00 | 5.650% | 58,020.00 | (20,307.00) | 132,713.00 | - | 132,713.00 | 139,348.65 | 1,379,730.88 | 1,240,382.23 |
| 02/01/2029 | 100,000.00 | 5.850% | 52,652.50 | (18,428.36) | 134,224.14 | - | 134,224.14 | 140,935.35 | 1,558,020.72 | 1,417,085.37 |
| 02/01/2030 | 105,000.00 | 5.950% | 46,802.50 | (16,380.86) | 135,421.64 | - | 135,421.64 | 142,192.72 | 1,619,695.18 | 1,477,502.46 |
| 02/01/2031 | 115,000.00 | 6.000% | 40,555.00 | (14,194.24) | 141,360.76 | - | 141,360.76 | 148,428.80 | 1,941,063.25 | 1,792,634.45 |
| 02/01/2032 | 120,000.00 | 6.350% | 33,655.00 | (11,779.24) | 141,875.76 | - | 141,875.76 | 148,969.55 | 2,191,855.75 | 2,042,886.20 |
| 02/01/2033 | 130,000.00 | 6.350% | 26,035.00 | (9,112.24) | 146,922.76 | - | 146,922.76 | 154,268.90 | 2,223,026.30 | 2,068,757.40 |
| 02/01/2034 | 135,000.00 | 6.350% | 17,780.00 | (6,223.00) | 146,557.00 | - | 146,557.00 | 153,884.85 | 2,254,196.87 | 2,100,312.02 |
| 02/01/2035 | 145,000.00 | 6.350% | 9,207.50 | (3,222.62) | 150,984.88 | - | 150,984.88 | 158,534.12 | 2,285,367.43 | 2,126,833.31 |
| Total | \$1,790,000.00 | - | \$1,696,236.67 | (593,682.64) | \$2,892,554.03 | (198,816.00) | \$2,693,738.03 | \$2,828,424.93 | \$24,880,124.18 | \$22,051,699.25 |

Dated..... 12/01/2010
 Delivery Date..... 12/01/2010
 First Coupon Date..... 8/01/2011

Yield Statistics

Bond Year Dollars..... \$29,308.33
 Average Life..... 16.373 Years
 Average Coupon..... 5.7875576%
 Net Interest Cost (NIC)..... 5.8608473%
 True Interest Cost (TIC)..... 5.8252266%
 Bond Yield for Arbitrage Purposes..... 3.8560203%
 All Inclusive Cost (AIC)..... 3.8853905%

Series 2010 GO Bonds BARS / Water / 9/28/2010 / 12:15 PM



\$5,115,000

City of East Bethel, Minnesota

Taxable General Obligation Utility Revenue Bonds, Series 2010B
(Build America Bonds - Direct Pay) - Sewer Projects

NET DEBT SERVICE vs. REVENUE

| Date | Principal | Coupon | Interest | Federal Credit | Total P+I | CIF | Net New D/S | 105% Overlevy | Revenue | SpIs(Sht/fail) |
|--------------|-----------------------|----------|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|------------------------|------------------------|
| 02/01/2011 | - | - | - | - | - | - | - | - | - | - |
| 02/01/2012 | - | - | 350,819.58 | (122,786.84) | 228,032.74 | (228,290.56) | (257.82) | (270.71) | - | 270.71 |
| 02/01/2013 | - | - | 300,702.50 | (105,245.86) | 195,456.64 | (195,677.63) | (220.98) | (232.03) | - | 232.03 |
| 02/01/2014 | - | - | 300,702.50 | (105,245.86) | 195,456.64 | (97,838.81) | 97,617.83 | 102,498.72 | 120,025.00 | 17,526.28 |
| 02/01/2015 | - | - | 300,702.50 | (105,245.86) | 195,456.64 | - | 195,456.64 | 205,229.47 | 173,656.00 | (31,573.47) |
| 02/01/2016 | 50,000.00 | 3.600% | 300,702.50 | (105,245.86) | 245,456.64 | - | 245,456.64 | 257,729.47 | 524,540.00 | 266,810.53 |
| 02/01/2017 | 25,000.00 | 3.900% | 298,902.50 | (104,615.86) | 219,286.64 | - | 219,286.64 | 230,250.97 | 660,948.00 | 430,697.03 |
| 02/01/2018 | 25,000.00 | 4.400% | 297,927.50 | (104,274.62) | 218,652.88 | - | 218,652.88 | 229,585.52 | 803,189.00 | 573,603.48 |
| 02/01/2019 | 85,000.00 | 4.500% | 296,827.50 | (103,889.62) | 277,937.88 | - | 277,937.88 | 291,834.77 | 951,499.00 | 659,664.23 |
| 02/01/2020 | 170,000.00 | 4.700% | 293,002.50 | (102,550.86) | 360,451.64 | - | 360,451.64 | 378,474.22 | 1,106,124.00 | 727,649.78 |
| 02/01/2021 | 130,000.00 | 4.800% | 285,012.50 | (99,754.36) | 315,258.14 | - | 315,258.14 | 331,021.05 | 1,020,017.00 | 688,995.95 |
| 02/01/2022 | 100,000.00 | 4.900% | 278,772.50 | (97,570.36) | 281,202.14 | - | 281,202.14 | 295,262.25 | 1,119,670.00 | 824,407.75 |
| 02/01/2023 | 100,000.00 | 5.000% | 273,872.50 | (95,855.36) | 278,017.14 | - | 278,017.14 | 291,918.00 | 1,223,480.00 | 931,562.00 |
| 02/01/2024 | 110,000.00 | 5.100% | 268,872.50 | (94,105.36) | 284,767.14 | - | 284,767.14 | 299,005.50 | 1,331,614.00 | 1,032,608.50 |
| 02/01/2025 | 170,000.00 | 5.200% | 263,262.50 | (92,141.86) | 341,120.64 | - | 341,120.64 | 358,176.67 | 1,444,241.00 | 1,086,064.33 |
| 02/01/2026 | 245,000.00 | 5.400% | 254,422.50 | (89,047.86) | 410,374.64 | - | 410,374.64 | 430,893.37 | 1,561,539.00 | 1,130,645.63 |
| 02/01/2027 | 120,000.00 | 5.550% | 241,192.50 | (84,417.36) | 347,775.14 | - | 276,775.14 | 290,613.90 | 1,683,693.00 | 1,393,079.10 |
| 02/01/2028 | 195,000.00 | 5.650% | 234,532.50 | (82,086.36) | 347,446.14 | - | 347,446.14 | 364,818.45 | 1,810,892.00 | 1,446,073.55 |
| 02/01/2029 | 270,000.00 | 5.850% | 223,515.00 | (78,230.24) | 415,284.76 | - | 415,284.76 | 436,049.00 | 1,943,335.00 | 1,507,286.00 |
| 02/01/2030 | 355,000.00 | 5.950% | 207,720.00 | (72,702.00) | 490,018.00 | - | 490,018.00 | 514,518.90 | 2,081,227.00 | 1,566,708.10 |
| 02/01/2031 | 480,000.00 | 6.000% | 186,597.50 | (65,309.12) | 601,288.38 | - | 601,288.38 | 631,352.80 | 2,283,278.00 | 1,651,925.20 |
| 02/01/2032 | 585,000.00 | 6.350% | 157,797.50 | (55,229.12) | 687,568.38 | - | 687,568.38 | 721,946.80 | 2,448,228.00 | 1,726,281.20 |
| 02/01/2033 | 610,000.00 | 6.350% | 120,650.00 | (42,227.50) | 688,422.50 | - | 688,422.50 | 722,843.63 | 2,448,228.00 | 1,725,384.38 |
| 02/01/2034 | 630,000.00 | 6.350% | 81,915.00 | (28,670.24) | 683,244.76 | - | 683,244.76 | 717,407.00 | 2,448,228.00 | 1,730,821.00 |
| 02/01/2035 | 660,000.00 | 6.350% | 41,910.00 | (14,668.50) | 687,241.50 | - | 687,241.50 | 721,603.58 | 2,448,228.00 | 1,726,624.43 |
| Total | \$5,115,000.00 | - | \$5,860,334.58 | (2,051,116.84) | \$8,924,217.74 | (521,807.00) | \$8,402,410.74 | \$8,822,531.28 | \$31,635,879.00 | \$22,813,347.72 |

Dated..... 12/01/2010
 Delivery Date..... 12/01/2010
 First Coupon Date..... 8/01/2011

Yield Statistics

Bond Year Dollars..... \$97,197.50
 Average Life..... 19.002 Years
 Average Coupon..... 6.0293059%
 Net Interest Cost (NIC)..... 6.0924556%
 True Interest Cost (TIC)..... 6.0871055%
 Bond Yield for Arbitrage Purposes..... 3.8560203%
 All Inclusive Cost (AIC)..... 4.0403784%

Series 2010 CO Bonds BAs / Sewer / 9/28/2010 / 12:15 PM



City of East Bethel, Minnesota
 General Obligation Sewer Revenue Bonds
 Future Financing

Aggregate Debt Service

| DATE | 2015 Issue | 2020 Issue | 2025 Issue | TOTAL |
|--------------|-----------------------|-----------------------|-----------------------|------------------------|
| 02/01/2017 | 350,100.00 | - | - | 350,100.00 |
| 02/01/2018 | 348,400.00 | - | - | 348,400.00 |
| 02/01/2019 | 346,500.00 | - | - | 346,500.00 |
| 02/01/2020 | 349,300.00 | - | - | 349,300.00 |
| 02/01/2021 | 346,500.00 | - | - | 346,500.00 |
| 02/01/2022 | 348,400.00 | 350,100.00 | - | 698,500.00 |
| 02/01/2023 | 349,700.00 | 348,400.00 | - | 698,100.00 |
| 02/01/2024 | 350,400.00 | 346,500.00 | - | 696,900.00 |
| 02/01/2025 | 350,500.00 | 349,300.00 | - | 699,800.00 |
| 02/01/2026 | 350,000.00 | 346,500.00 | - | 696,500.00 |
| 02/01/2027 | 348,900.00 | 348,400.00 | 350,100.00 | 1,047,400.00 |
| 02/01/2028 | 347,200.00 | 349,700.00 | 348,400.00 | 1,045,300.00 |
| 02/01/2029 | 349,900.00 | 350,400.00 | 346,500.00 | 1,046,800.00 |
| 02/01/2030 | 346,700.00 | 350,500.00 | 349,300.00 | 1,046,500.00 |
| 02/01/2031 | 347,900.00 | 350,000.00 | 346,500.00 | 1,044,400.00 |
| 02/01/2032 | 348,200.00 | 348,900.00 | 348,400.00 | 1,045,500.00 |
| 02/01/2033 | 347,600.00 | 347,200.00 | 349,700.00 | 1,044,500.00 |
| 02/01/2034 | 351,100.00 | 349,900.00 | 350,400.00 | 1,051,400.00 |
| 02/01/2035 | 348,400.00 | 346,700.00 | 350,500.00 | 1,045,600.00 |
| 02/01/2036 | 349,800.00 | 347,900.00 | 350,000.00 | 1,047,700.00 |
| 02/01/2037 | - | 348,200.00 | 348,900.00 | 697,100.00 |
| 02/01/2038 | - | 347,600.00 | 347,200.00 | 694,800.00 |
| 02/01/2039 | - | 351,100.00 | 349,900.00 | 701,000.00 |
| 02/01/2040 | - | 348,400.00 | 346,700.00 | 695,100.00 |
| 02/01/2041 | - | 349,800.00 | 347,900.00 | 697,700.00 |
| 02/01/2042 | - | - | 348,200.00 | 348,200.00 |
| 02/01/2043 | - | - | 347,600.00 | 347,600.00 |
| 02/01/2044 | - | - | 351,100.00 | 351,100.00 |
| 02/01/2045 | - | - | 348,400.00 | 348,400.00 |
| 02/01/2046 | - | - | 349,800.00 | 349,800.00 |
| Total | \$6,975,500.00 | \$6,975,500.00 | \$6,975,500.00 | \$20,926,500.00 |

THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$11,465,000*

CITY OF EAST BETHEL, MINNESOTA

**TAXABLE GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2010A
(RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)**

(BOOK ENTRY ONLY)

The City is requesting proposals for the above-named Issue as taxable general obligations which the City will elect to designate "Recovery Zone Economic Development Bonds (Direct Pay)." Proposals for the Bonds and the Good Faith Deposit ("Deposit") will be received on Wednesday, November 3, 2010, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed Proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final Proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted Proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all Bids submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY[®] shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The City is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY[®] is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY[®], this Terms of Proposal shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

* Preliminary; subject to change.

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

| | | | | | | | |
|------|-----------|------|-----------|------|-----------|------|-----------|
| 2016 | \$200,000 | 2021 | \$400,000 | 2026 | \$655,000 | 2031 | \$850,000 |
| 2017 | \$150,000 | 2022 | \$300,000 | 2027 | \$630,000 | 2032 | \$850,000 |
| 2018 | \$225,000 | 2023 | \$400,000 | 2028 | \$690,000 | 2033 | \$850,000 |
| 2019 | \$410,000 | 2024 | \$490,000 | 2029 | \$710,000 | 2034 | \$850,000 |
| 2020 | \$515,000 | 2025 | \$590,000 | 2030 | \$850,000 | 2035 | \$850,000 |

* *The City reserves the right, after proposals are opened and prior to award, to reduce the principal amount of the Bonds or the maturity amounts offered for sale. Any such reduction will be made in multiples of \$5,000 in any of the maturities. In the event the principal amount of the Bonds is reduced, any premium offered or any discount taken by the successful bidder will be reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced.*

TERM BONDS

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. **Term bonds are allowed for only the Bonds maturing in the years 2021 and thereafter.** All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2021, and on any day thereafter, to prepay Bonds due on or after February 1, 2022. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to

be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

EXTRAORDINARY REDEMPTION

If the Bonds are designated and issued as Taxable Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, as amended (the “Code”), at the option of the City, the Bonds are also subject to extraordinary redemption in whole, but not in part, at a redemption price equal to par plus accrued interest to the redemption date, upon or on any date after the occurrence of a Determination of Ineligibility. A “Determination of Ineligibility” means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which would have the effect of deeming, determining or rendering the Bonds not qualified for treatment as Qualified Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code; (ii) the federal government discontinues the Recovery Zone Economic Development Bonds direct payment program or reduces the refundable credit to the City with retroactive applicability to bonds issued prior to the date of such discontinuance or reduced refundable credit; or (iii) the receipt by the City of a written opinion of nationally recognized bond counsel selected by the City to the effect that the Bonds are not Qualified Recovery Zone Economic Development Bonds under Section 1400U-2 of the Code.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge (i) net revenues of their water system, and (ii) the 45% direct payment credit from the United States Treasury. The proceeds will be used to finance the construction of a new water system infrastructure.

TAXABILITY OF INTEREST

The interest to be paid on the Bonds is includable in gross income of the recipient for United States and State of Minnesota income tax purposes, and is subject to Minnesota Corporate and bank excise taxes measured by net income.

BIDDING PARAMETERS

To comply with the “Build America Bond” provisions of the Internal Revenue Code of 1986, as amended (the “Code”), each proposal for the Taxable Bonds must specify the expected reoffering price for each maturity of the Bonds, and (i) each such reoffering price cannot exceed the par amount of the maturity by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the maturity of the Bonds and (ii) in the initial offering no bond may be sold for a price in excess of such limit unless the IRS provides authoritative guidance to the contrary.

Proposals for the Bonds shall be for not less than \$11,327,420 and for not more than the Maximum Permitted Price, as described below.

| <u>Year</u> | <u>Maximum Permitted Price</u> |
|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|
| 2016 | 101.25% | 2021 | 102.50% | 2026 | 102.50% | 2031 | 102.50% |
| 2017 | 101.50% | 2022 | 102.50% | 2027 | 102.50% | 2032 | 102.50% |
| 2018 | 101.75% | 2023 | 102.50% | 2028 | 102.50% | 2033 | 102.50% |
| 2019 | 102.00% | 2024 | 102.50% | 2029 | 102.50% | 2034 | 102.50% |
| 2020 | 102.25% | 2025 | 102.50% | 2030 | 102.50% | 2035 | 102.50% |

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$114,650, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the City nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier's check** should be made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101.

Any Deposit sent via **wire transfer** should be sent to Springsted Incorporated as the City's agent according to the following instructions:

Wells Fargo Bank, N.A., San Francisco, CA 94104

ABA #121000248

For credit to Springsted Incorporated, Account #635-5007954

Contemporaneously with such wire transfer, the bidder shall send an e-mail to bond_services@springsted.com, including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be delivered to the City following the award of the Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following City action relative to an award of the Bonds.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota and pre-approved by the City. Such bond must be submitted to Springsted Incorporated prior to the opening of the proposals. The Financial Surety Bond must identify each underwriter whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to an underwriter using a Financial Surety Bond, then that underwriter is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The Deposit received from the purchaser, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis, treating the credit available to the City as a reduction in each interest payment. No proposal for the Taxable Bonds may require reoffering premiums in

excess of the maximums set for the Taxable Bonds issued as "Recovery Zone Economic Development Bonds". The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about December 1, 2010, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 250 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated October 6, 2010

BY ORDER OF THE CITY COUNCIL

/s/ Douglas Sell
City Administrator

THE CITY HAS AUTHORIZED SPRINGSTED INCORPORATED TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

\$6,905,000*

CITY OF EAST BETHEL, MINNESOTA

**TAXABLE GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2010B
(BUILD AMERICA BONDS – DIRECT PAY)**

OR

GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2010B

(BOOK ENTRY ONLY)

The City is requesting proposals for the above-named Issue optionally as conventional tax-exempt general obligations (the "Tax-Exempt Bonds") or as taxable general obligations which the City will elect to designate "Qualified Build America Bonds (Direct Pay)" (the "Taxable Bonds"). Proposals for the Bonds and the Good Faith Deposit ("Deposit") will be received on Wednesday, November 3, 2010, until 10:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 7:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Springsted will assume no liability for the inability of the bidder to reach Springsted prior to the time of sale specified above. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the Proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Springsted. Signed Proposals, without final price or coupons, may be submitted to Springsted prior to the time of sale. The bidder shall be responsible for submitting to Springsted the final Proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted Proposal.

OR

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all Bids submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic Bid in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

* Preliminary; subject to change.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2011. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts* as follows:

| | | | | | | | |
|------|-----------|------|-----------|------|-----------|------|-----------|
| 2016 | \$105,000 | 2021 | \$200,000 | 2026 | \$330,000 | 2031 | \$595,000 |
| 2017 | \$ 80,000 | 2022 | \$170,000 | 2027 | \$210,000 | 2032 | \$705,000 |
| 2018 | \$ 85,000 | 2023 | \$175,000 | 2028 | \$290,000 | 2033 | \$740,000 |
| 2019 | \$145,000 | 2024 | \$190,000 | 2029 | \$370,000 | 2034 | \$765,000 |
| 2020 | \$235,000 | 2025 | \$250,000 | 2030 | \$460,000 | 2035 | \$805,000 |

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the maturity amounts offered for sale. Any such increase or reduction will be made in multiples of \$5,000 in any of the maturities. In the event the principal amount of the Bonds is increased or reduced, any premium offered or any discount taken by the successful bidder will be increased or reduced by a percentage equal to the percentage by which the principal amount of the Bonds is increased or reduced.*

TERM BONDS

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. In the event the Bonds are issued as Tax-Exempt Bonds, term bonds will be allowed in all maturities. **If the Bonds are issued as Taxable Bonds, term bonds are allowed for only the Bonds maturing in the years 2021 and thereafter.** All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the Proposal Form.

BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2021, and on any day thereafter, to prepay Bonds due on or after February 1, 2022. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

EXTRAORDINARY REDEMPTION

If the Bonds are designated and issued as Taxable Bonds under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), at the option of the City, the Bonds are also subject to extraordinary redemption in whole, but not in part, at a redemption price equal to par plus accrued interest to the redemption date, upon or on any date after the occurrence of a Determination of Ineligibility. A "Determination of Ineligibility" means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which would have the effect of deeming, determining or rendering the Bonds not qualified for treatment as Qualified Build America Bonds under Section 54AA of the Code; (ii) the federal government discontinues the Build America Bonds direct payment program or reduces the refundable credit to the City with retroactive applicability to bonds issued prior to the date of such discontinuance or reduced refundable credit (iii) the receipt by the City of a written opinion of nationally recognized bond counsel selected by the City to the effect that the Bonds are not Qualified Build America Bonds under Section 54AA of the Code.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge net revenues of their water and sanitary sewer systems. In addition, if issued as Taxable Bonds, the City will pledge the 35% direct payment credit from the United States Treasury. The proceeds will be used to finance (i) various costs related to the construction of a new water system and (ii) various infrastructure improvements to their sanitary sewer system.

TAXABILITY OF INTEREST

In the event the Bonds are issued as Taxable Bonds, the interest to be paid on the Bonds is includable in gross income of the recipient for United States and State of Minnesota income tax purposes, and is subject to Minnesota Corporate and bank excise taxes measured by net income.

BIDDING PARAMETERS

Bidders may provide proposals for the Bonds specifying interest rates for the Bonds if issued as Tax-Exempt Bonds, or alternatively, specifying interest rates for the Bonds if issued as Taxable Bonds. To comply with the "Build America Bond" provisions of the Internal Revenue Code of 1986, as amended (the "Code"), each proposal for the Taxable Bonds must specify the expected reoffering price for each maturity of the Bonds, and (i) each such reoffering price cannot exceed the par amount of the maturity by more than .25% multiplied by the number of

complete years to the earlier of the maturity date or the first optional redemption date for the maturity of the Bonds and (ii) in the initial offering no bond may be sold for a price in excess of such limit unless the IRS provides authoritative guidance to the contrary. Separate proposal forms and Parity provisions have been provided for submitting proposals for the Bonds if to be designated Tax-Exempt Bonds or designated Taxable Bonds.

Proposals for the Tax-Exempt Bonds shall be for not less than \$6,822,140 (the "Minimum Bid") and accrued interest on the total principal amount of the Bonds. Proposals for the Taxable Bonds shall be for not less than the Minimum Bid and for not more than the Maximum Permitted Price, as described below.

| <u>Year</u> | <u>Maximum Permitted Price</u> |
|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|
| 2016 | 101.25% | 2022 | 102.50% | 2027 | 102.50% | 2032 | 102.50% |
| 2017 | 101.50% | 2023 | 102.50% | 2028 | 102.50% | 2033 | 102.50% |
| 2018 | 101.75% | 2024 | 102.50% | 2029 | 102.50% | 2034 | 102.50% |
| 2019 | 102.00% | 2025 | 102.50% | 2030 | 102.50% | 2035 | 102.50% |
| 2020 | 102.25% | 2026 | 102.50% | 2031 | 102.50% | 2036 | 102.50% |
| 2021 | 102.50% | | | | | | |

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates are not required to be in level or ascending order; however, the rate for any maturity cannot be more than 1% lower than the highest rate of any of the preceding maturities. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$69,050, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the City nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

Any Deposit made by **certified or cashier's check** should be made payable to the City and delivered to Springsted Incorporated, 380 Jackson Street, Suite 300, St. Paul, Minnesota 55101.

Any Deposit sent via **wire transfer** should be sent to Springsted Incorporated as the City's agent according to the following instructions:

Wells Fargo Bank, N.A., San Francisco, CA 94104
ABA #121000248

For credit to Springsted Incorporated, Account #635-5007954

Contemporaneously with such wire transfer, the bidder shall send an e-mail to bond_services@springsted.com, including the following information; (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer, (iii) the issue to which it applies, and (iv) the return wire instructions if such bidder is not awarded the Bonds.

Any Deposit made by the successful bidder by check or wire transfer will be delivered to the City following the award of the Bonds. Any Deposit made by check or wire transfer by an unsuccessful bidder will be returned to such bidder following City action relative to an award of the Bonds.

If a **Financial Surety Bond** is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota and pre-approved by the City. Such bond must be submitted to Springsted Incorporated prior to the opening of the proposals. The Financial Surety Bond must identify each underwriter whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to an underwriter using a Financial Surety Bond, then that underwriter is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The Deposit received from the purchaser, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis, treating the credit available to the City if the Bonds are issued as Taxable Bonds constituting "Qualified Build America Bonds" as a reduction in each interest payment. No proposal for the Taxable Bonds may require reoffering premiums in excess of the maximums set for the Taxable Bonds issued as "Qualified Build America Bonds." The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

SETTLEMENT

On or about December 1, 2010, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Dorsey & Whitney LLP of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the

Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor to the City, Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 250 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated October 6, 2010

BY ORDER OF THE CITY COUNCIL

/s/ Douglas Sell
City Administrator



City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 6.0 A-E

Agenda Item:

Consent Agenda

Requested Action:

Consider approving Consent Agenda as presented

Background Information:

Item A

Bills/Claims

Item B

Meeting Minutes, September 15, 2010 Regular City Council

Meeting minutes from the September 15, 2010 Regular City Council Meeting are attached for your review and approval.

Item C

Personnel Policy Amendment – Voting Leave

It is recommended that the Personnel Policy addressing voting leave for City employees be modified to comply with Minnesota Statute 204C.04. Minnesota Statute 204C.04 originally allowed employees to be absent from work only in the morning of election day. The 2010 Legislature expanded the opportunity for employees to be absent from work without penalty to vote. Employees now have the right to be absent from work “for the time necessary to appear at the employee’s polling place, cast a ballot, and return to work on the day of that election.” Employers or others may not directly or indirectly refuse or otherwise interfere with an employee’s right to take the time to vote on Election Day. Violations of the statute are subject to penalty as a misdemeanor.

The modified policy statement is attached that addresses voting leave. The policy does require employees to request time off to vote to avoid coverage issues.

Personnel Policy Chapter 7.17 is attached for your consideration. The policy becomes effective upon adoption.

Attachment(s):

- 1. Personnel Policy Chapter 7.17 – Voting Leave

Item D

Booster Park/Cedar Creek Trail – Wetland Replacement Credit Purchase

As part of the Booster Park/Cedar Creek Trail Project, 4,020 square feet of wetland will be filled along Bataan Street. This impact will require 8,040 square feet of wetland replacement area. Since there is not sufficient area to create a wetland replacement area on site, staff is proposing to purchase wetland credits from an established wetland bank. Wetland bank credits will range from \$1.00 to \$1.50 per square foot or a total cost of \$8,040 to \$12,060. The budget for wetland credit purchase for this project was \$15,000. The preliminary “Application for Withdrawal of Wetland Credits from the Minnesota Wetland Bank” is attached for your review. The purchase of the wetland credits will be funded by the Municipal State Aid Construction Fund.

Staff is requesting approval to negotiate and purchase wetland bank credits to meet the requirements of the wetland replacement plan for the Booster Park/Cedar Creek Trail Project at a cost not to exceed \$12,060.

Item E

Resolution 2010-60 Temporary Permission to Accrue Excess Vacation

As noted in the attached resolution, operational necessity will require the City Administrator and Public Works Manager to be available during periods of significant activity related to utility improvements and public works activities. It is recommended that the City Administrator and Public Works Manager be allowed to accumulate vacation hours in excess of the 240 as provided for in the City’s Personnel policy during this period. Any hours in excess of the 240 hours on June 30, 2013 will be forfeited. There is no change to the maximum payout for unused vacation time.

Fiscal Impact:

As noted above.

Recommendation(s):

Recommend approval of the Consent Agenda as presented.

City Council Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required:_____



| | |
|--|--------------|
| Bills to be Approved for Payment October 6, 2010 | \$207,579.97 |
| Electronic Payments | \$53,981.72 |
| Payroll Fire Department - September 15, 2010 | \$6,288.75 |
| Payroll City Staff - September 16, 2010 | \$33,918.79 |
| Payroll City Council - September 30, 2010 | \$1,552.82 |
| Payroll City Staff - September 30, 2010 | \$37,366.43 |

| | |
|---|---------------------|
| Total to be Approved for Payment October 6, 2010 | \$340,688.48 |
|---|---------------------|

Approved by Council Member:

| | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| Steve Voss | Kathy Paavola | Greg Hunter | Steve Channer | Bill Boyer |
| <input type="text"/> |

City of East Bethel

October 6, 2010

Payment Summary

| Department | Description | Invoice | Vendor | Fund | Dept | Amount |
|-------------------------------|-------------------------------|---------------|--------------------------------|------|-------|------------|
| Arena Operations | Bldg/Facility Repair Supplies | 75231 | Menards Cambridge | 615 | 49851 | 98.86 |
| Arena Operations | Bldgs/Facilities Repair/Maint | 92110 | Connexus Energy | 615 | 49851 | 21.32 |
| Arena Operations | Bldgs/Facilities Repair/Maint | 9344948642 | Grainger | 615 | 49851 | 28.60 |
| Arena Operations | Bldgs/Facilities Repair/Maint | 9352776216 | Grainger | 615 | 49851 | 171.89 |
| Arena Operations | Concession for Resale | 792997 | Indianhead Foodservice Distrib | 615 | 49851 | 885.04 |
| Arena Operations | Concession for Resale | 138272225 | Midwest Coca Cola Bottling | 615 | 49851 | 897.80 |
| Arena Operations | Electric Utilities | 92110 | Connexus Energy | 615 | 49851 | 1,372.48 |
| Arena Operations | Gas Utilities | 254204189 | Xcel Energy | 615 | 49851 | 79.23 |
| Arena Operations | Motor Fuels | 1034910465 | Ferrellgas | 615 | 49851 | 337.22 |
| Arena Operations | Refuse Removal | 1293382 | Walters Recycling, Inc. | 615 | 49851 | 135.83 |
| Arena Operations | Repairs/Maint Machinery/Equip | 45806-IN | R & R Specialities, Inc. | 615 | 49851 | 554.80 |
| Building Inspection | Telephone | 332373310-106 | Nextel Communications | 101 | 42410 | 21.93 |
| Central Services/Supplies | Information Systems | 210126 | City of Roseville | 101 | 48150 | 6,062.00 |
| Central Services/Supplies | Office Equipment Rental | 5896486-SP10 | Pitney Bowes | 101 | 48150 | 137.10 |
| Central Services/Supplies | Office Supplies | 533817860001 | Office Depot | 101 | 48150 | 52.98 |
| Central Services/Supplies | Office Supplies | 531484112001 | Office Depot | 101 | 48150 | 12.65 |
| Central Services/Supplies | Office Supplies | 532398618001 | Office Depot | 101 | 48150 | 20.00 |
| Central Services/Supplies | Office Supplies | 532690766001 | Office Depot | 101 | 48150 | 80.81 |
| Central Services/Supplies | Postage/Delivery | 71583 | Catalyst Graphics, Inc. | 101 | 48150 | 736.94 |
| Central Services/Supplies | Printing and Duplicating | 71583 | Catalyst Graphics, Inc. | 101 | 48150 | 1,517.21 |
| Central Services/Supplies | Small Tools and Minor Equip | 10668 | Wavs, Inc. | 101 | 48150 | 523.69 |
| Central Services/Supplies | Telephone | 7360975 | Integra Telecom | 101 | 48150 | 209.56 |
| City Administration | Telephone | 2454152746 | Verizon Wireless | 101 | 41320 | 31.73 |
| City Administration | Travel Expenses | 92910 | Douglas Sell | 101 | 41320 | 205.00 |
| Cty HRA Grant Utility System | Architect/Engineering Fees | 134809 | Bolton & Menk, Inc. | 228 | 22800 | 119,632.00 |
| Elections | Repairs/Maint Machinery/Equip | B00132610 | SHI | 101 | 41410 | 126.41 |
| Fire Department | Bldgs/Facilities Repair/Maint | 92110 | Connexus Energy | 101 | 42210 | 5.32 |
| Fire Department | Conferences/Meetings | 75791 | Menards Cambridge | 101 | 42210 | 148.56 |
| Fire Department | Electric Utilities | 92110 | Connexus Energy | 101 | 42210 | 823.56 |
| Fire Department | Employer Paid Expenses | 8349 | F.I.R.E. | 231 | 42210 | 450.00 |
| Fire Department | Equipment Parts | 215656 | OSI Batteries | 101 | 42210 | 450.29 |
| Fire Department | Gas Utilities | 254204189 | Xcel Energy | 101 | 42210 | 81.10 |
| Fire Department | Personnel Advertising | 4970369Y | NFPA | 231 | 42210 | 476.95 |
| Fire Department | Personnel Advertising | 215656 | OSI Batteries | 231 | 42210 | 204.58 |
| Fire Department | Professional Services Fees | 90310 | City of East Bethel | 231 | 42210 | 1,666.67 |
| Fire Department | Professional Services Fees | 16434 | Med Compass, Inc. | 231 | 42210 | 632.50 |
| Fire Department | Refuse Removal | 1293384 | Walters Recycling, Inc. | 101 | 42210 | 35.75 |
| Fire Department | Repairs/Maint Machinery/Equip | 32539 | Emedded Systems, Inc. | 101 | 42210 | 170.00 |
| Fire Department | Repairs/Maint Machinery/Equip | 38667 | Metro Fire, Inc. | 101 | 42210 | 2,115.00 |
| Fire Department | Telephone | 7360975 | Integra Telecom | 101 | 42210 | 130.99 |
| Fire Department | Telephone | 332373310-106 | Nextel Communications | 101 | 42210 | 123.55 |
| Fire Department | Telephone | 90110 | Qwest | 101 | 42210 | 58.52 |
| Fire Department | Travel Expenses | 62110 | Richard L Williams | 101 | 42210 | 384.57 |
| General Govt Buildings/Plant | Bldg/Facility Repair Supplies | 91710 | Orkin Commercial Services | 101 | 41940 | 74.81 |
| General Govt Buildings/Plant | Bldgs/Facilities Repair/Maint | 8467 | Vogel Sheet Metal, Inc. | 101 | 41940 | 880.00 |
| General Govt Buildings/Plant | Bldgs/Facilities Repair/Maint | 8468 | Vogel Sheet Metal, Inc. | 101 | 41940 | 987.00 |
| General Govt Buildings/Plant | Electric Utilities | 92110 | Connexus Energy | 101 | 41940 | 1,064.68 |
| General Govt Buildings/Plant | Gas Utilities | 254204189 | Xcel Energy | 101 | 41940 | 43.44 |
| General Govt Buildings/Plant | Small Tools and Minor Equip | B00132610 | SHI | 101 | 41940 | 126.41 |
| Housing & Redevelopment Autho | Legal Fees | 92010 | Hoff, Barry & Kozar, P.A. | 230 | 23000 | 17,599.82 |
| Housing & Redevelopment Autho | Legal Fees | 92810 | Randall and Goodrich, P.L.C. | 230 | 23000 | 204.25 |
| Human Resources | Conferences/Meetings | 2010 GPRS | City of St. Michael | 101 | 41810 | 25.00 |

City of East Bethel

October 6, 2010

Payment Summary

| Department | Description | Invoice | Vendor | Fund | Dept | Amount |
|------------------------------|-------------------------------|---------------|--------------------------------|------|-------|----------|
| Legal | Legal Fees | 90110 | Carson, Clelland & Schreder | 101 | 41610 | 8,583.58 |
| Legal | Legal Fees | 11069271 | League of MN Cities Ins Trust | 101 | 41610 | 1,000.00 |
| Legal | Legal Fees | 92810 | Randall and Goodrich, P.L.C. | 101 | 41610 | 1,764.50 |
| Mayor/City Council | Dues and Subscriptions | 144246 | League of MN Cities | 101 | 41110 | 9,396.00 |
| Park Acquisition/Development | Professional Services Fees | 2010271 | Minnesota/Wisconsin Playground | 404 | 40400 | 650.00 |
| Park Capital Projects | Bldg/Facility Repair Supplies | 74879 | Menards Cambridge | 407 | 40700 | 54.93 |
| Park Maintenance | Clothing & Personal Equipment | 470521727 | Cintas Corporation #470 | 101 | 43201 | 23.23 |
| Park Maintenance | Clothing & Personal Equipment | 470525081 | Cintas Corporation #470 | 101 | 43201 | 23.23 |
| Park Maintenance | Clothing & Personal Equipment | 470528508 | Cintas Corporation #470 | 101 | 43201 | 48.98 |
| Park Maintenance | Electric Utilities | 92110 | Connexus Energy | 101 | 43201 | 655.76 |
| Park Maintenance | Equipment Parts | 1539-419483 | O'Reilly Auto Parts | 101 | 43201 | 124.06 |
| Park Maintenance | General Operating Supplies | 78947 | Menards Cambridge | 101 | 43201 | 34.83 |
| Park Maintenance | Motor Vehicles Parts | 03 3037894 | Isanti County Equipment | 101 | 43201 | 28.34 |
| Park Maintenance | Motor Vehicles Parts | 1539-416985 | O'Reilly Auto Parts | 101 | 43201 | 8.46 |
| Park Maintenance | Motor Vehicles Parts | 219010 | S & S Industrial Supply | 101 | 43201 | 5.39 |
| Park Maintenance | Motor Vehicles Parts | OI22333 | Turfwerks | 101 | 43201 | 120.15 |
| Park Maintenance | Park/Landscaping Materials | 74110 | Menards Cambridge | 101 | 43201 | 28.63 |
| Park Maintenance | Professional Services Fees | 92710 | Jill Teetzel | 101 | 43201 | 120.00 |
| Park Maintenance | Small Tools and Minor Equip | 533304370001 | Office Depot | 101 | 43201 | 59.16 |
| Park Maintenance | Telephone | 7360975 | Integra Telecom | 101 | 43201 | 48.02 |
| Park Maintenance | Telephone | 332373310-106 | Nextel Communications | 101 | 43201 | 88.03 |
| Payroll | Insurance Premium | 4490092 | Delta Dental | 101 | | 1,095.65 |
| Payroll | Insurance Premium | 40452 | Fort Dearborn Life Insurance | 101 | | 1,345.25 |
| Payroll | Insurance Premium | C0021741285 | Medica Health Plans | 101 | | 7,506.46 |
| Planning and Zoning | Legal Fees | 92810 | Randall and Goodrich, P.L.C. | 864 | | 128.25 |
| Planning and Zoning | Legal Fees | 92810 | Randall and Goodrich, P.L.C. | 911 | | 1,001.50 |
| Planning and Zoning | Legal Notices | IQ 01775265 | ECM Publishers, Inc. | 101 | 41910 | 46.13 |
| Planning and Zoning | Legal Notices | IQ 01775263 | ECM Publishers, Inc. | 101 | 41910 | 46.13 |
| Planning and Zoning | Legal Notices | IQ 01775264 | ECM Publishers, Inc. | 101 | 41910 | 51.25 |
| Planning and Zoning | Professional Services Fees | 320 | GIS Rangers | 101 | 41910 | 637.88 |
| Planning and Zoning | Professional Services Fees | 92710 | Jill Teetzel | 101 | 41910 | 30.00 |
| Planning and Zoning | Reimbursement | 92110 | Mike Beason | 885 | | 150.00 |
| Planning and Zoning | Telephone | 332373310-106 | Nextel Communications | 101 | 41910 | 21.93 |
| Police | Professional Services Fees | 80478 | Gopher State One-Call | 101 | 42110 | 4.35 |
| Recycling Operations | Electric Utilities | 92110 | Connexus Energy | 226 | 43235 | 105.85 |
| Recycling Operations | Gas Utilities | 254204189 | Xcel Energy | 226 | 43235 | 23.25 |
| Recycling Operations | General Operating Supplies | 276288 | Ham Lake Hardware | 226 | 43235 | 16.02 |
| Recycling Operations | Hazardous Waste Disposal | 15875 | SRC, Inc. Rolloff Services | 226 | 43235 | 95.52 |
| Recycling Operations | Other Advertising | 71583 | Catalyst Graphics, Inc. | 226 | 43235 | 170.00 |
| Recycling Operations | Other Advertising | 29051 | The Courier | 226 | 43235 | 180.00 |
| Recycling Operations | Postage/Delivery | 71583 | Catalyst Graphics, Inc. | 226 | 43235 | 80.00 |
| Recycling Operations | Refuse Removal | 1293381 | Walters Recycling, Inc. | 226 | 43235 | 243.05 |
| Sewer Operations | Bldgs/Facilities Repair/Maint | 92110 | Connexus Energy | 602 | 49451 | 24.53 |
| Sewer Operations | Chemicals and Chem Products | 3155342 RI | Hawkins, Inc | 602 | 49451 | 792.79 |
| Sewer Operations | Electric Utilities | 92110 | Connexus Energy | 602 | 49451 | 657.83 |
| Sewer Operations | Legal Fees | 92810 | Randall and Goodrich, P.L.C. | 602 | 49451 | 939.25 |
| Sewer Operations | Professional Services Fees | 76772 | Utility Consultants, Inc. | 602 | 49451 | 685.62 |
| Street Maintenance | Bldgs/Facilities Repair/Maint | 470525081 | Cintas Corporation #470 | 101 | 43220 | 26.48 |
| Street Maintenance | Bldgs/Facilities Repair/Maint | 470528508 | Cintas Corporation #470 | 101 | 43220 | 26.48 |
| Street Maintenance | Bldgs/Facilities Repair/Maint | 470521727 | Cintas Corporation #470 | 101 | 43220 | 26.48 |
| Street Maintenance | Bldgs/Facilities Repair/Maint | 92110 | Connexus Energy | 101 | 43220 | 21.29 |
| Street Maintenance | Clothing & Personal Equipment | 470528508 | Cintas Corporation #470 | 101 | 43220 | 45.86 |

City of East Bethel

October 6, 2010

Payment Summary

| Department | Description | Invoice | Vendor | Fund | Dept | Amount |
|--------------------------|--------------------------------|---------------|----------------------------|------|-------|---------------------|
| Street Maintenance | Clothing & Personal Equipment | 470521727 | Cintas Corporation #470 | 101 | 43220 | 45.86 |
| Street Maintenance | Clothing & Personal Equipment | 470525081 | Cintas Corporation #470 | 101 | 43220 | 45.86 |
| Street Maintenance | Electric Utilities | 92110 | Connexus Energy | 101 | 43220 | 1,493.93 |
| Street Maintenance | Equipment Parts | 1539-422242 | O'Reilly Auto Parts | 101 | 43220 | 26.92 |
| Street Maintenance | Equipment Parts | 1539-421684 | O'Reilly Auto Parts | 101 | 43220 | 29.88 |
| Street Maintenance | Equipment Parts | 1539-422277 | O'Reilly Auto Parts | 101 | 43220 | 2.14 |
| Street Maintenance | Equipment Parts | 1539-422280 | O'Reilly Auto Parts | 101 | 43220 | -5.76 |
| Street Maintenance | Equipment Parts | 1928482 | Rigid Hitch Inc. | 101 | 43220 | 361.41 |
| Street Maintenance | Equipment Parts | 323948 | Towmaster | 101 | 43220 | 35.42 |
| Street Maintenance | Gas Utilities | 254204189 | Xcel Energy | 101 | 43220 | 18.60 |
| Street Maintenance | Motor Vehicle Services (Lic'd) | 17673 | Central Truck Service, Inc | 101 | 43220 | 439.16 |
| Street Maintenance | Motor Vehicles Parts | 1539-421450 | O'Reilly Auto Parts | 101 | 43220 | 19.64 |
| Street Maintenance | Professional Services Fees | 92710 | Jill Teetzel | 101 | 43220 | 45.00 |
| Street Maintenance | Refuse Removal | 1293383 | Walters Recycling, Inc. | 101 | 43220 | 243.05 |
| Street Maintenance | Small Tools and Minor Equip | 533304370001 | Office Depot | 101 | 43220 | 59.15 |
| Street Maintenance | Telephone | 7360975 | Integra Telecom | 101 | 43220 | 48.02 |
| Street Maintenance | Telephone | 332373310-106 | Nextel Communications | 101 | 43220 | 88.06 |
| Transfers Out | Contingency | 1793 | The Tinklenberg Group | 101 | 49360 | 1,762.50 |
| Water Utility Operations | Bldgs/Facilities Repair/Maint | 92110 | Connexus Energy | 601 | 49401 | 26.67 |
| Water Utility Operations | Chemicals and Chem Products | 3155444 RI | Hawkins, Inc | 601 | 49401 | 427.49 |
| Water Utility Operations | Chemicals and Chem Products | 3153720 RI | Hawkins, Inc | 601 | 49401 | 20.00 |
| Water Utility Operations | Electric Utilities | 92110 | Connexus Energy | 601 | 49401 | 317.79 |
| Water Utility Operations | Gas Utilities | 91710 | CenterPoint Energy | 601 | 49401 | 22.42 |
| | | | | | | \$207,579.97 |

EAST BETHEL CITY COUNCIL MEETING

September 15, 2010

The East Bethel City Council met on September 15, 2010 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bill Boyer Steve Channer Greg Hunter
Kathy Paavola Steve Voss

ALSO PRESENT: Douglas Sell, City Administrator
Tammy Schutta, Asst. City Administrator/HR Director
Rita Pierce, Director of Fiscal and Support Services
Jerry Randall, City Attorney
Craig Jochum, City Engineer

Call to Order **The September 15, 2010 City Council meeting was called to order by at 7:30 PM.**

Adopt Agenda **Voss made a motion to adopt the September 15, 2010 City Council Agenda with the addition of agenda item 9.0 C Closed Session ACHRA Lawsuit. Boyer seconded; all in favor, motion carries.**

Sheriff's Report Lieutenant Orlando reported on the custodial arrests/significant arrests for the month of August 2010 as follows:

08-01-10 - 5th Degree Domestic Assault - Deputies responded to a boyfriend/girlfriend domestic. The male advised his girlfriend was crazy and drunk. The male was extremely intoxicated. The girlfriend, who was sober and rational, advised they had been arguing about his drinking and she was attempting to leave with their infant, when he attempted to restrain her. She had marks upon her arm and leg. An independent witness advised the male had chased the female outside and had been the aggressor. The male was taken into custody.

08-07-10 - Criminal Vehicular Operation - Deputies responded to a personal injury accident on Hwy 65, where a pick-up truck had rear-ended a van. The driver of the truck was under the influence of alcohol. Two occupants of the van were transported to the hospital, but later released with minor injuries. The driver of the truck submitted to a blood test to determine his alcohol level. Charges are pending.

08-08-10 - 3rd Degree DUI / Property Damage Accident - A male leaving a local establishment backed into a parked vehicle causing damage. The male was found to be under the influence of alcohol and failed field sobriety tests. The male was arrested and taken to jail.

08-14-10 - Burglary / 2nd Degree Assault / Damage to Property - A male advised a juvenile male had come over to his house with friends and broken into his home by breaking the sliding glass door. The suspect had wanted to fight the victim. The suspect entered the residence and grabbed a shotgun from a gun case, and went upstairs attempting to locate the victim. The victim had locked himself in his bedroom and called 911. The suspect pointed the shotgun at two other males and asked where the victim was. The suspect then dropped the shotgun and fled the residence where he was taken into custody.

08-18-10 - Felony Theft - A deputy observed a suspicious vehicle leaving a business at 0325 hours. The vehicle then pulled into another parking lot and turned off the lights. The deputy went to make contact with the vehicle and driver and a male took off running. A K9 officer was called into the area and a female was located hiding. The female advised she was with her friend and they were stealing items to make their rent payment. The female was arrested. The male was not located at the time.

08-30-10 - Terroristic Threats / 5th Degree Domestic Assault - Deputies were called to a domestic situation, where a male had gotten into a verbal argument with his adult step-son and had a handgun in his back pocket which he took out during the argument, but did not point at anyone. Prior to the verbal argument, the male had fired a round off through the upstairs window. The male was taken into custody.

Lieutenant Orlando said domestic calls (non-crime) for the month were twenty (20) and DWI arrests for this month were six (6).

Municipal Utilities – Feasibility Report

Sell explained that in the spring of 2009, City Council directed that a feasibility study be prepared for public utilities in the Project 1 Phase One area. This area is bounded on the south by 181st Avenue NE and on the north by Viking Boulevard, three-quarters of a mile either side of Trunk Highway 65. The report has been completed and was included with your agenda materials. Mr. Kreg Schmidt from Bolton and Menk will review the report with City Council and respond to your questions. Following the presentation and the questions and answer session, staff is recommending City Council accept the Feasibility Report for Project 1 Phase One for Municipal Utilities.

Kreg Schmidt from Bolton Menk introduced himself and said it is great to be here in East Bethel. He said in Council's packet is a report we have prepared. Schmidt said this report is called the Feasibility Study for Phase 1, Project 1 Utility Infrastructure Projects. He said we are not here tonight for a public hearing, but we are here to get acceptance by the Council of the feasibility report and for the approval of a resolution which sets the public hearing date for Project 1, Phase 1.

Hunter said that is correct, we are not holding the public hearing tonight, but he has asked Schmidt to say after his presentation and to take questions after the meeting. He said Schmidt will go out in the hallway and anyone interested can go out there and ask him any questions they have that are appropriate about the City sewer and water in the Phase 1, Project 1 area. Schmidt said this project location is the generally 185th Avenue to Viking Boulevard, ¼ to ½ mile west of Trunk Highway 65 as described in the facility plan. He showed map of general location, highlighted in red. Schmidt said where this fits in the urban service area is all areas encompass urbanized areas that will be in East Bethel. He said all phases are long term phases that have been identified by the City. Schmidt said the Coon Lake Area is an independent area, and if and when it comes up for discussion, that will be a different time, it is not part of tonight's discussion.

Schmidt said the sanitary sewer system includes components funded by both the City and Metropolitan Council Environmental Services (MCES). He said the map shows the overall project area. He said East Bethel will fund the trunk sanitary sewer and lateral sanitary sewer lines. MCES will fund the Waste Water Reclamation Facility (WWRF), Interceptor Sewer and WWRF Discharge Piping and Rapid Infiltration Basins (RIBs). Schmidt said the Sanitary Sewer Components for the WWRF are providing tertiary treatment to waste water,

effluent near drinking water standards, and discharge to drainage basin via rapid infiltration basins (RIBs). He said ultimately the discharge water will be used for irrigation and beneficial non-potable uses (but that is a long way down the road), will be constructed, owned, operated and funded by MCES and the estimated project cost is \$10 to \$15 million.

Schmidt said the WWRF will ultimately serve portions of East Bethel, Oak Grove, Ham Lake and Andover. MCES will recover their costs from contributing users by charging Sewer Availability Charges (SAC) which will range from \$3400 to \$3500/ERU (these are estimated) and in addition to that user fees will be charged which is estimated at \$1.98 kgal. Schmidt said future expansion will be required as demand warrants.

Schmidt explained that the WWRF Discharge Piping and RIBs conveys treated effluent from the WWRF to RIBs and ultimate re-use system. They will be owned, operated and fund by the MCES. He said the MCES's cost will be recaptured from contributing users by SAC and user charges. Schmidt said future RIBs and discharge piping will be required with WWRF expansions. He said the estimated MCES project cost is \$5-\$7 million.

Schmidt explained that the Sanitary Sewer System Components are the interceptor sewer which collects and conveys flow from contributing areas to the WWRF which is owned, operated and funded by MCES. MCES estimated project cost is \$5,100,000. He said MCES estimated East Bethel's trunk sewer benefit (cost share) at \$2,200,000. Schmidt said that MCES costs will be recaptured from contributing users by SAC and user charge.

Schmidt explained that the Sanitary Sewer System Components of the Trunk Sanitary Sewer conveys flows from multiple service areas or neighborhoods and adjacent parcels to interceptors which will be owned, operated and funded by the City. He said the cost will be recaptured from contributing users by assessments, lateral benefit, trunk and user charges. Schmidt said the total estimated trunk sewer project cost including the interceptor cost share is \$3,528,651.

Schmidt said the Sanitary Sewer System Components of the Lateral Sanitary Sewer are it conveys flows from the individual or smaller areas or neighborhoods to interceptor or trunk sewers. He said these are generally eight (8) inch sewers that are owned, operated and funded by the City. Schmidt said the cost is recaptured from contributing users by assessments and user charges. He said the total estimated lateral sewer project cost is \$976,361.

Schmidt said let's move on to the Water System. He said the proposed water system includes several components funded by the City such as production wells, water treatment facility (WTF), water tower, trunk watermain and lateral watermain. Schmidt said we are basically starting from scratch.

Schmidt said for the Water System Components, the production wells, the available sources are the Drift which is susceptible to contamination from high ground water and sand soil, then below that is the Fig, which is the most viable source and below that is the Mt. Simon which is statutorily limited to by the DNR to what you can drill from it. He said right now we will drill 2 FIG wells initially with a total estimated capacity of 600 to 800 gpm capacity which is adequate for system initiation. Schmidt said the wells will be funded by the City and costs will be recaptured through facility, trunk and user charges at a total estimated project cost of \$938,100.

Schmidt said the second Water System Component is the Water Treatment Facility (WTF). He said the initial capacity is 1500 gpm and the ultimate capacity is 6000 gpm. Schmidt said the initial treatment provided is iron and manganese removal and then eventually reverse osmosis softening will need to be included. He said this will need to be done so that the customer does not have to use water softening at home and so that ultimately this water can be used for irrigation systems, but we will not be doing it at the beginning. Schmidt said the WTF will be funded by the City and the costs will be recaptured through facility trunk and user charges. He said the total estimated project cost for initial WTF is \$5,541,280. Schmidt said the total initial reverse osmosis softening component is \$1,525,000.

Schmidt said the Water Tower will provide system pressure, consistent supply during variable demand periods and volume for fire flow. He said the proposed tower will have a capacity of 500,000 gallons. Schmidt said we have proposed a Water Spheroid style versus a Composite because of a cost savings of \$800,000. He said the water tower will be funded by the City and the costs would be recaptured through facility, trunk and user charges. The total estimated project cost for the tower is \$1,062,000.

Schmidt said the trunk watermain is the backbone for the water system. He said it conveys flows from production and treatment facilities throughout the distribution system to lateral watermains in individual neighborhoods. Schmidt said it conveys high demand and fire flows. He said generally the watermains are 10 inches and larger. Schmidt said we will have hydrants and valving to make the system reliable. He said the trunk watermain will be owned, operated and funded by the City and the costs will be recaptured from contributing users by assessments, lateral benefit, trunk and user charges. Schmidt said the estimated cost for the trunk watermain is \$2,701,469.

Schmidt said the lateral watermain conveys flows from the trunk watermain throughout individual or smaller service areas or neighborhoods. He said they are generally 6 to 8 inch mains. Schmidt said the lateral watermain would be owned, operated and funded by the City and the costs would be recaptured from contributing users by assessments and user charges. He said the total estimated lateral water distribution system project cost is \$1,000,902.

Schmidt explained that street restoration would be completed on all streets disturbed by utility construction. He said parameters would be the new pavement sections would be in accordance with City standards and replaced at the same width and features as the existing. Schmidt said all cost will be included in the lateral sanitary sewer and water system costs. He said the cost of street restoration is estimated at \$915,001. The streets that would need restoration are Buchanan, Ulysses, 185th Avenue and 187th Lane.

Schmidt explained that property and easement acquisition would be needed for interceptors, WWRF discharge piping, sanitary sewer and the water system and facilities. He said we would need permanent and temporary easements. Schmidt said we would try to locate as many utilities in the existing right-of-way as practicable and the City and MCES utilities in the same corridor to the extent that is practicable. He said individual and combined easements and property acquisition would be required for MCES only easements, City only property easements, City only property acquisition, City only easements and combined City and MCES easements. Schmidt said there are fifteen (15) parcels and nine (9) owners. He explained the property and easement acquisition cost apportionment methodology: MCES only easements will be acquired and paid for by MCES, City only property acquisition will be acquired and paid for by the City, and combined City and MCES easements will be acquired and paid for by MCES and MCES will grant permission to the City to be located in

those easements. Schmidt said the easement and property acquisition costs are included in the appropriate utility and facility costs. He said the costs will be recaptured as indentified for each utility/facility and the estimated City property and easement acquisition cost is \$666,464.

Schmidt explained financing and funding. He said the proposed financing components include some or all of the following: for the Sanitary Sewer System there are Chapter 429 Bonds, Chapter 444 Bonds, Build America Bonds (BAB), and Revenue Bonds. Schmidt said for the Water System there are Recovery Zone Economic Development Bonds (RZED), Chapter 429 Bonds, Chapter 444 Bonds, Build America Bonds and Revenue Bonds. He said funding is debt service for the proposed project costs and are proposed to be recaptured through a combination of the following charge system components: 1) Lateral Benefit Assessment; 2) Lateral Benefit Availability Charge; 3) Trunk Availability Charge; 4) Trunk Charge; 5) Water Facility Availability Charge; 6) Water Facility Charge; 7) User Charges and 8) Future Internal Lateral Project Costs (Future).

Schmidt explained the charge system definitions:

Lateral Benefit Assessment is collected at completion of the project and generally the cost of providing lateral service including service line costs and the cost of providing typical later service in lieu of turn facilities including service line costs.

Lateral Benefit Availability Charge is collected at the developer agreement phased and the cost of providing typical lateral service in lieu of trunk facilities providing lateral service excluding service line costs.

Trunk Availability Charge is collected at developer agreement phase and is a portion of cost of constructing trunk facilities and buys equity in the trunk system that provides service in the service area.

Trunk Charge is collected at building permit phase and a portion of cost of constructing trunk facilities and buys equity in the trunk system that provides service to the service area.

Water Facility Availability Charge is collected at developer's agreement phase and a portion of the cost of constructing water facilities (WTF, Tower, Wells).

Water Facility Charge is collected at building permit phase and is a portion of the cost of construction water facilities (WTF, Tower, Wells).

User Charges are ongoing charges and are a portion of the costs for all improvements not recaptured by other charges and include OM&R costs and include the following: sewer and water base charge, sewer and water gallonage charge and water plant charge.

Schmidt said there are three parcel categories used for apportionment in accordance with "Facility Plan for Infrastructure Needs".

Category 1: Existing Residential Parcels Platted and/or developed or underdeveloped located adjacent to lateral or trunk facilities including service lines.

Category 2: Existing Residential Parcels Platted or Unplatted and/or developed or undeveloped and commercial parcels unplatted and/or undeveloped located adjacent to trunk or lateral facilities that require future lateral projects for service.

Category 3: Residential or Commercial Parcels not located adjacent to lateral or trunk facilities that will require future lateral projects to provide service.

Schmidt said in the cost apportionment methodology for Estimated Equivalent Residential Units (ERUs) are defined as Typical Single Family Household Uses of Water and Sewer System. He said ERUs are calculated based on potentially developable lots per acre based on the City zoning ordinance in effect at the time that the charges are levied and land use in general conformance with Sewer Availability Charge Procedure Manual as published by the

MCES. Schmidt explained that an ERUs in R-1 Residential Parcel: 3 ERU/Acre, Undeveloped Larger Commercial Parcels B-3: 3 ERU/Acre, Developed Commercial Parcels: MCES SAC Manual, Undeveloped Small Commercial Parcels: Comparative to Developed Parcels in the Area and “Big Box” Site: Based on Likely End Users. He said a big box discount retailer would be estimated total ERU: 40, big box discount retailer with grocery ERU: 60, C-Store with 2 bay car wash ERU: 25, Fast Food ERU: 5, Sit down Restaurant ERU: 25 and a Bank ERU: 3.

Schmidt said the estimated unit distribution approximates the distribution in the “Facility Plan” and is adjusted for the Project 1 land uses and adjusted for MCES ERU determination procedures. He said total Phase 1, Project 1 ERU = 580 and Total Phase 1 ERU = 4162.

Schmidt said the estimated unit distribution timing is Category 1 units connected to the system becomes operational over 2 years (2013-2014) – required by the City, existing residential Category 2 units in Project 1 connected to the system over 5 years (2015-2019), new (undeveloped) Category 2 units in Project 1 connected to the system over 5 years (2015-2019), remaining new (undeveloped) Phase 1 Category 2 Units Connected to the system over 30 years (2015-2044) and remaining existing Phase 1, Category 2 Units connected to the system over 10 years (2030-2039).

Schmidt said the cost summary for Sanitary Sewer is Total City Interceptor Project Cost - \$2,200,000, Total Trunk Sewer System Cost (includes land/easement) \$1,328,651, Lateral Sewer System Cost (includes rest) \$976,361, for a Total Sewer System Project Cost* of \$4,504,971. *Does not include MCES Sanitary Sewer Related Costs of \$18 to \$25.5 Million.

Schmidt said the cost summary for the Water system is Total Trunk Pipe Project Cost (includes easements) - \$2,701,469, Total Lateral Pipe Project Cost (includes rest.) - \$1,000,902, Total Water Treatment Facility Project Cost - \$5,541,280, Total Water Tower Project Cost - \$1,062,000, Total Wells Project Cost - \$938,100, Estimated total Land/Easement Cost - \$550,000, for a Total Water System Project Cost of \$11,793,751.

Schmidt said the cash flow analysis assumes the following parameters: unit distribution as described, parcels incur charges as described, water improvements in the amount of \$11,466,000 financed with RZED Bonds at 2.48% (4.5% discounted by 45%) for 20 years (expires at end of 2010), remaining water improvements financed with other types of bonds at 4.5% for 20 years and sewer improvements financed with other types of bonds at 4.5% for 20 years.

Schmidt said the cash flow analysis assumes the annual increase in the following charges is 3%: Lateral Benefit Assessments, Lateral Benefit Availability Charges, Water Facility Charges, Trunk Availability Charges and User Charges. He said it also assumes the following increases: Annual Increase in Salary Expenses – 4.5%, Annual Increase in OM&R Expenses – 2.5%, Annual Trunk Charge Increase - \$50 a year and Debt Service Payments from users is at 5.5% for 20 years for the following: Lateral Benefit Assessments and Lateral Benefit Availability Charges.

Schmidt explained that future project included in the cash flow analysis are trunk sewer and water projects to extend the system to complete the trunk system in Phase 1 Area: Project 2 – 2015, Project 3 – 2020 and Project 4 – 2025.

Schmidt explained the initial charges as outlined in the table here:

Financing and Funding

| CHARGE | SEWER | WATER |
|---|--------|--------|
| Lateral Benefit Assessment (\$/ERU) | \$4000 | \$4000 |
| Lateral Benefit Availability Charge (\$/ERU) | \$3000 | \$3000 |
| Water Facility Availability Charge (\$/ERU) | \$0 | \$1000 |
| Water Facility Charge (\$/ERU) | \$0 | \$1000 |
| Trunk Availability Charge (\$/ERU) | \$1000 | \$800 |
| Trunk Charge (\$/ERU) | \$1000 | \$800 |
| Water Plant Charge (\$/ERU) | \$0 | \$10 |
| Base Charge (\$/ERU) | \$5.00 | \$5.00 |
| Gallage Charge (\$/Kgal) | \$2.75 | \$3.00 |
| Future Lateral Benefit Availability Charge (\$/ERU) | \$3000 | \$3000 |

■ Cash Flow Analysis

- Initial Charges Recommended Based on Project Costs and Cash Flow Needs

BOLTON & MENK, INC.
Consulting Engineers & Surveyors

Schmidt said the sewer and water funds will generally be supported by the charge system and during the early years of system implementation, expenses and revenues are closely correlated. He said the debt structure in the early years is key and your fiscal consultant will be addressing these issues tonight with you. Schmidt said this model has flexibility in charge system and can be modified as desired.

Schmidt said Project 1 Assessment and Availability Charges are based on a charge system and cash flow needs. He said ERUs are calculated as outlined, lateral benefit assessments are applied to parcels as outlined, lateral benefit availability charges are applied to parcels as outlined and assessed parcels are required to hook up to system within 2 years of project completion (end of 2014 likely).

Schmidt said the assessments would be 20 years at 5.5% with \$1,208,000 assessed. He said there would be 152 Water ERUs, 150 Sewer ERUs, 22 Parcels and 16 Owners. Schmidt said the future availability charges are at the developer's agreement stage for an estimated \$2,574,000 with 429 Water and Sewer ERUs, 10 Parcels and 6 Owners.

Schmidt said the revenue flow distribution is to structure facilitated payments to the City at various points: after project completion with assessments, at developer agreement stage with lateral benefit availability charges, at time of connection to system with trunk charges and facility charges and with ongoing charges called user charges. He said with this charge system the City would have payments coming in from different sources at different times, this is a good way of doing it.

Schmidt said again, this is not the public hearing, we are asking Council to accept the Feasibility Study. He said we also have a resolution before Council to set the public hearing for Wednesday, October 6, 2010. Schmidt asked if Council had any questions about the feasibility study.

Hunter said this is a lot of information and he thanked Mr. Schmidt for doing such a good job of putting this together. He said it was a lot of information and Schmidt presented it very well. Voss said it is important to note for the audience members and the viewers on Channel 10 that the Feasibility Study is available on the City web site. He asked if this shorter version that was handed out tonight is also on the web site. Schmidt said no, but he will get it on the web site. Paavola said she thinks it would be helpful to have this shorter version on there, it is more helpful. Schmidt said he would be happy to do that first thing in the morning.

Voss made a motion to accept the Feasibility Study for Phase 1, Project Utility Infrastructure Improvements prepared by Bolton & Menk dated September 10, 2010. Channer seconded; all in favor, motion carries.

Municipal
Utilities –
Res. 2010-53
Set Public
Hearing Date
for Project 1,
Phase One

Sell explained that with the acceptance of the Feasibility Report, the next step in the project process is to conduct a public hearing for the proposed project. Resolution 2010-53 provides for a Public Hearing for Project 1 Phase One on Wednesday, October 6, 2010 beginning at 7:30 PM.

Staff is recommending adoption of Resolution 2010-53 Setting the Public Hearing Date for Project 1 Phase One of the Municipal Utilities Project.

Boyer made a motion to adopt Resolution 2010-53 Setting the Public Hearing Date for Project 1, Phase One of the Municipal Utilities Project. Paavola seconded.

Voss said that is a Council night at 7:30 pm. Sell asked would you like it earlier. Voss said he would gather we are going to have testimony and discussion. Sell said we can limit the agenda to accommodate this. Boyer said if we start earlier we get less people. Voss said how do we handle the Council agenda then. Sell said we can set this for one hour and then you can end it, do your regularly scheduled items and then go back to the hearing. Channer said he would rather try to skinny down the agenda and save the other agenda items for October 20th. Voss said he just want to make sure we are going to provide enough time for everyone to be heard.

All in favor, motion carries.

Utility Project
Funding –
RZED Bonds

Sell explained that at the August 18, 2010 Council meeting, Council directed that work begin on compiling the information necessary to complete an official offering statement, develop bids, etc. At that meeting, Mr. Paul Steinman of Springsted, Inc. presented Council with a calendar.

During the intervening weeks, a new calendar has been developed as additional details have been identified. A copy of that revised calendar was included with your agenda materials. The bond sale, according to the revised schedule, would be November 3, 2010 for the RZED Bonds. These bonds will provide the necessary funds for construction of the Project 1 Phase One water project. The maximum amount of the bonds is \$11.466 million. As the plan becomes more finalized, Council will be asked to adopt a resolution setting the sale for

November 3, 2010 and directing the preparation of the Official Statement for this bond sale. That resolution should be before City Council on October 6, 2010.

Repayment of this debt will be through a series of fees to include connections charges, Service Availability Charges (SAC) and area charges. Mr. Steinman has a sample repayment schedule for this debt issue and will review that with Council. Mr. Steinman is available to review the new calendar and the repayment schedule and respond to any questions you may have.

Steinman said he wants to discuss a couple items with Council. He said the first item is we afforded some luxury to discuss the revised calendar and the recovery zone bonds, but we planned enough room in the schedule to discuss the structure and the revised calendar. Steinman said we moved the consideration of setting the sale by resolution from tonight to October 6, posting the official statement to October 20th, rate bonds with Moody's the week of October 25th, sell the bonds on November 3rd and close, award bonds that evening, so the City would be in receipt of the bond proceeds in early December. He said we only have until the 31st of December to close on the sale of the bonds. Steinman said he thinks we will be well on the way to have the sale.

Steinman explained the RZEDB Preliminary structure. He said the par amount of bonds if limited to allocation of \$11.465 million and this is required to be rounded down to 5 thousands as bonds are sold in increments of 5,000. Steinman said included in this is \$1.067 million of capitalized interest that are included in the par amount to make interest payments on the debt because there is no other source of revenue until 2013. He said \$137,580 is the underwriter's discount, the amount you pay the underwriter to market the bonds. Steinman said the cost of issuance is \$59,500 to \$62,500, which leave the City \$10.2 million to put in the project fund to pay for project costs. He said these bonds have a twenty (20) year term with a ten (10) year call. Steinman said it would be twenty (20) years from first principal scheduled date which is 2016 He said the City would be using interest to make payments in 2012, 2013, 2014 and 2015. Steinman said the first principal payment is scheduled for 2016. He said we had to wrap in water infrastructure expenditures in 2015, 2020 and 2025. Steinman said this debt service is wrapped around the RZEDB issuance. He said other issues are we need to establish recovery by resolution, we need a biannual request for 45% interest cost reimbursement within 60 days of payment and we need to do an annual IRS compliance form checklist.

Boyer asked is the 3.2 million in 2015, 2020 and 2025, is that projected on system growth. Schmidt said yes, that is correct.

Council consensus was to move forward with the RZED Bonds as scheduled.

Utility Project
Funding –
Buy America
Bonds
(BAB's)

Sell explained that the RZED Bonds will provide for most of the required funding for the water utility project. However, there is sewer utility infrastructure that must be constructed to make the system functional. The estimated cost of the sewer infrastructure is \$4.7 million and must be a separate bond issue. As noted, the RZED Bonds are limited to \$11.466 million and will be applied to the water utility system.

There are several debt options for funding the sewer utility infrastructure. Currently, the Federal Government has available Build America Bonds or BAB's as they are referred to. This is a bonding authorization by the U.S. Treasury similar to the RZED bonds. There is an interest rebate component to these bonds like the RZED bonds. However, the rebate is 35%

versus the 45% on the RZED bonds. These bonds would be taxable like the RZED bonds. They would be General Obligation Sewer Revenue Bonds with an interest rebate.

The other option is to issue G.O. Sewer Revenue Bonds. These bonds would be non-taxable bonds. There is no rebate from the Federal Government on these bonds. However, the interest rate is less than the taxable BAB bonds noted above. The total repayment cost difference between these bonds, the non-taxable bonds and the BAB's is about \$140,000 over 20 years. The BAB bonds would be less as they have the rebate component.

The bids for this project will not be available until the latter part of November or early December. To take advantage of the BAB's, the bonds must be sold and closed before December 31, 2010. To ensure this happens, the sale date must no later than November 22nd or November 29th. The City would not have a firm bid by the time the bonds are sold and the amount of the debt cannot be changed once advertised for public bid. There is a concern among staff about overselling the amount of debt for this project.

If the construction bids are good and the cost for these projects is less than the estimated cost and the bonds are sold based off the estimates, there would be an "over sale" condition. The Treasury would not look favorably on an over sale. Its goal is to ensure that debt issued under this program is judiciously used and not abused.

Based on these concerns, staff is suggesting that Council wait until February or March of 2011 to issue the debt for the sewer project after it has firm construction bids in hand. This would mean issuing a G.O. Sewer Revenue Bond that are not taxable, tax exempt, and would not provide for Treasury rebates on interest. It also allows Council maximum flexibility.

There is the potential, after the first of the year that the Treasury may offer another round of BAB authorizations. This has not been confirmed. However, discussion has been an interest rebate of 29% rather than the current 35%. Other program details would remain about the same. Final determination on this program will likely not come before the general election in November and not be available until sometime in the first quarter of 2011.

Mr. Steinman from Springsted, Inc. will be available to respond to your questions.

Staff is seeking direction on debt issuance for the sewer project. The options are move forward with development of the offering statement for \$4.7 million to fund the sewer project with BAB debt. Or, wait until after firm bids are received and then move forward with a G.O. Sewer Revenue Bond in the first quarter of 2011.

Steinman said with the Build America Bonds the savings of \$140,000 is demonstrated when we do a side by side comparison with the tax exempt rate. He said it is a fairly small amount over a 20 term. Steinman said as staff discussed there is concern of over issuance and there could be a concern of under issuance, you could issue GO Bonds. He said there is a bit of heightened concern about issuing more than needed in BAB bonds. Voss asked what the repercussions are. Steinman said there could be penalties. He said you have yield restriction issues. Steinman said in today's market the yield debt of proceeds that wouldn't be used there could be a number of different ramifications. Steinman said there is a potential that BABs might be available in 2011 and beyond at a smaller interest rebate.

Hunter asked when we would hear if the BABs would be available in 2011. Sell said

probably not until after the elections and maybe not until after the beginning of the year, or maybe not until February or March. He said the worst case scenario is you end up issuing GO bonds, or they offer BABs at a lesser rate which is the best case scenario. Channer said over at MnDOT we have been seeing wildly low bids. He said we can hope for that, but to borrow that kind of money and over borrow is not good.

Voss asked why we don't have this issue with RZED bonds. Sell said the total project cost is much more than what we are going to have available to us. Schmidt said and the only thing that would come in 20% low would be the pipe. Channer said he thinks where the contractors are shaving the bids is excavation, the laying of the pipes. Voss asked if the cost comes in over what the bonds are, do we have the ability to issue GO bonds for this. Steinman said yes, you could issue BAB bonds for it and next year if you were running out of funds you could issue other bonds for it. Sell said some of the work you do for RZED bonds can be applied towards BAB. Steinman said there is a fair rate of efficiency of issuing them at the same time.

Voss asked if the bond issue on the sewer comes up short are we going to issue other GO Bonds down the road. Sell said if it is a small amount we can probably finance it internally for a small time. He said we would have to adopt an internal resolution to make sure the internal loan gets repaid. Channer asked if we had enough of an over sale would it inhibit our ability to bond later. Steinman said it would be unlikely. Schmidt said one quick point, one thing that is unique is we are not going to be drawing until 2012, and we have a long time to incorporate it in as long as it is done correctly from the bond counsel's standpoint. Sell said debt service has to be accounted for separately for water and sewer. Sell asked can Bolton and Menk narrow this down for costs.

Schmidt said he is comfortable with the numbers he has given us now. He said the plant and water tower are very different than pipes, dewatering, etc. Schmidt said he has seen through this whole process what the bidding process has been. He said the same three guys are building these all over the United States. Schmidt said he knows all the contractors. He said the variable part of water debt is in the pipe work. Schmidt said he is not talking about a lot of money, \$800,000. Sell said he doesn't think RZED bonds are the issue here, we don't need to set a number until November 6. Voss said with the water system, the net revenue we are getting from bonds is \$10,200,000 and it doesn't meet the project cost of the system. He said if the bonds for the system for sewer are oversold can we use some of the money left over for the water system. Sell said we were looking at that. Hunter said if we need to do a GO Bond for a million, what would the cost of this be. He said just a general cost. Sell said the question is what would happen if we had to come back in March of 2012 and issue a million dollar bond. Steinman said your cost would be related directly to issuance. Voss asked what the comparative to savings, compared to cost is.

Steinman said so we will move forward with the \$11.466 in RZEDB bonds for the water side. He said and we will look at GO Bonds and BABs side by side for the \$4.7 million for the sewer project.

Public Forum Hunter opened the Public Forum for any comments or concerns that were not listed on the agenda.

Bob Jacobson of 20628 East Bethel Blvd. NE said he is concerned about the budget. He said he saw an article in the paper that the budget is going to increase and he saw the money we are going to spend on the trail. Jacobson said last year you said employees didn't get a

raise, but instead they got an increase in benefits. He said he didn't get an increase in his social security payments.

There were no more comments so the Public Forum was closed.

Consent
Agenda

Boyer made a motion to approve the Consent Agenda including: A) Approve Bills; B) Meeting Minutes, September 1, 2010, Regular Meeting; C) Resolution 2010-54 Setting Public Hearing Date-Delinquent Accounts; D) Resolution 2010-55 Final Payment and Acceptance of Fire Truck; E) Contract Modification #1 – 2010 Improvements. Paavola seconded; all in favor, motion carries.

IUP/Interim
Use Permit –
Domestic
Farm Animals
– 20936 East
Bethel Blvd. –
Mary Ciagne

Sell explained that the applicants, Mary Ciagne and Jamal Bawazir, are requesting an IUP for the purpose of keeping two horses on the 4.5 acre parcel they own in East Bethel.

East Bethel City Code Section 10, Article V. Farm Animals, requires that no animals that are regulated by the code can be kept on a parcel of land located within a platted subdivision or on any parcel of land of less than three acres. The 4.5 acre parcel is not located within a platted subdivision and exceeds the 3 acre minimum requirement. City Code has a limit on the number of animals per parcel. The two horses proposed for this parcel must have two grazable acres. The property contains approximately 3 acres of fenced grazable lands. There is shelter provided for the animals. City staff has conducted a site inspection. The property meets the requirements set forth in City Code for the keeping of farm animals.

Planning Commission recommends approval of an IUP for the keeping of two horses for Ms. Ciagne and Mr. Bawazir, located at 20936 East Bethel Blvd. with the conditions noted in your agenda materials.

Boyer made a motion to approve the request of Mary Ciagne & Jamal Bawazir at 20936 East Bethel Blvd. NE, East Bethel, MN (PIN 15-33-23-14-0002) for an Interim Use Permit (IUP) for the keeping of two (2) horses with the following conditions: 1) An Interim Use Permit Agreement must be signed and executed by the applicants and the City; 2) Applicants must comply with City Code Section 10. Article V. Farm Animals; 3) Permit shall expire when: a. The property is sold, or b. Non-compliance of IUP conditions; 4) Property owner shall have thirty (30) days to remove approved domestic farm animals upon expiration of the IUP; 5) Property will be inspected and evaluated annually by city staff; 6) Conditions of the IUP must be met no later than October 1, 2010. IUP will not be issued until all conditions are met. Failure to meet conditions will result in the null and void of the IUP. Voss seconded.

Hunter asked do they live here or are they moving here. Sell said they just own the property. Voss said the land use application says they are applying for the IUP for the tenant. He asked so who are we issuing the permit to. Sell said please correct me if I am wrong, city attorney, but we can't issue the permit to the tenant; we have to issue the permit to someone with interest in the property. Randall said it has to be issued to land and someone with interest in land. Boyer said it lists them as property owners. Sell said they are. **All in favor, motion carries.**

Pay Est. No. 5
Municipal
Builders Inc.
for Well No. 2

Sell explained that a copy of Pay Estimate No. 5 to Municipal Builders, Inc for Well No. 2 Construction was included in your agenda materials. The major pay items for this pay request include well development and start-up. The Pay Estimate includes payment for work completed to date minus a five percent retainage.

The total project cost is estimated to be \$373,004. The city has received a Disadvantaged Community Funds Grant in the amount \$298,403 with the remaining \$74,601 financed through the Public Facilities Authority's Drinking Water Loan program. The loan will be paid back over 20 years at a 1% interest rate. The loan payment will be repaid through user fees.

Staff recommends approval of Pay Estimate No. 5 in the amount of \$51,646.92 for Well No. 2 Construction to Municipal Builders, Inc.

Hunter made a motion to approve Pay Estimate No. 5 in the amount of \$51,646.92 for Well No. 2 Construction to Municipal Builders, Inc. Boyer seconded; all in favor, motion carries.

Cedar Creek Trails
Approve Plans &
Specifications and Direction
to Solicit Bids

Sell explained that with the approval of the necessary easements, staff is seeking approval of plans and specifications for the Booster Park East to Cedar Creek Trail Project. The specifications are separated into two projects years, one for 2010 and one for 2011.

Activity for 2010 will include the trail segment from Booster Park East to Xylite Street and along Bataan Street from 222nd Lane to 229th Avenue. The estimated cost of this segment is \$370,000. A total of \$99,000 will be funded from the Trail Capital Fund and \$271,000 will be funded from the City's MSA account from MnDOT.

For 2011, the trail segment will be along Xylite Street and 222nd Lane. The estimated cost of this segment is \$87,000 and will be funded from the Trail Capital Fund.

The trail segment along Xylite Street and 222nd Lane consists of widening the pavement 3 feet on each side. This will allow either a 4-foot wide trail on both sides of the road, or an 8-foot wide trail on one side of the road. Staff is requesting direction from Council regarding this item such that it can be reflected on the final construction plans. Both options have the same cost.

Council also requested a cost estimate for providing a separated trail in lieu of the pavement widening along 222nd Lane from Bataan Street to just north of the curve. Staff estimates that a separated trail would cost approximately \$95,000 more or a total of \$182,000 for this segment with a separated trail. This estimate is based on the typical section shown on Attachment 3. It is also anticipated that additional easements would need to be acquired.

Staff is recommending approval of Resolution 2010-56 relating to the Plans and Specifications for the Booster Park East to Cedar Creek Trail for 2010 and 2011 construction and direction to solicit bids.

Boyer made a motion to adopt Resolution 20105-56 relating to the Plans and Specifications for the Booster Park East to Cedar Creek Trail for 2010 and 2011 construction and direction to solicit bids. Paavola seconded.

Boyer said he thinks we need to still talk about some of this stuff. Jochum said there was concern that the crown is no longer in the center. Hunter said he noticed this in Blaine on a 30 MPH road. He said it didn't make a difference on his driving and there was a trail on the side of the road. Boyer said it is a lot more comfortable to have a wider trail on one side of the road. Voss said to him, this is counter intuitive to what we have taught kids for years. He

said we have taught our kids to go with the traffic on their bikes. Voss said if we have only one side of trail, even if it is eight (8) feet of trail they can't do this. He said perhaps if this was a busy road it would make sense. Voss said pedestrians are supposed to walk into traffic and bikes are supposed to go with traffic.

Channer said and the curve on west side might have site issues. Voss said maybe. He said he is an advocate of having the trail on both sides. He said this is not a cost issue it is basically just adding a shoulder on a 30 MPH residential street that is already wider than a lot of roads in East Bethel. Paavola asked and the cost would be the same. Boyer said yes. Hunter said he would rather have it on one side after seeing it in Blaine. He said especially after driving an oversize vehicle there. Hunter said even though there probably won't be many oversize vehicles driving here.

Voss said people are going to walk where they want to walk. Sell said this doesn't have to be decided yet; we need to have it bid. Paavola said she sees both sides, it is a safety issue. She said but looking at what we have taught our kids she would vote to put the trail on both sides of the road, four (4) foot on both sides.

Voss said on page 71 it looks like the catch bases, like they are beehives. Jochum said these sit down on concrete rings; they have more of an opening. Voss asked are they above ground. Jochum said yes, that is correct. Voss said that worries him because they are in the ditch and this is where snowmobiles and ATVs ride. Jochum said you are looking at sediment barrier traps. The one we used does not sit above ground.

Jochum said the last decision we need you to make is are you leaning towards a separated trail on 222nd or not. Voss said he would like to get rid of the separated trail on the other stretch. He said he agrees with having a separated trail on Bataan, but the remainder is non-busy residential street. Voss said it doesn't need a separated trail. Hunter asked is the design we have is the most cost effective. Jochum said yes that is correct. Council consensus was to leave it as it is.

Channer and Voss, nay; Paavola, Hunter and Boyer, aye, motion carries.

Special
Assessment
Policy

Sell explained that the first draft of a special assessment policy was presented on August 18, 2010 to the City Council for their review and direction. Several changes suggested by City Council have been made and are included in the revised policy that was included with your agenda materials. We have redlined/underlined the changes.

To provide flexibility in the policy, all improvement projects except for water and sewer improvements are assessed to benefitting properties based on one of several different methods. Each the method is defined in Section VII of the policy and an Adjusted Area method has been included that allows the City Council to modify the benefited area based on a number of factors, storm water runoff for example. The policy allows for each improvement project to be reviewed individually by the City Council and a method of assessing benefited properties decided at the time of the improvement. Water and sewer assessments use the Equivalent Residential Units method which is water and sewer use based upon a typical single family household.

A credit to storm sewer assessments for rain gardens was mentioned and so far the policy does not include this type of credit. Research by staff found that some communities provide for rain garden credits. However, credits allowed offset annual storm sewer utility fees that

maintain the storm sewer system and not assessments associated with initial construction of storm sewer improvements. The credit allowed is typically not only for installation of a rain garden that requires the capture of 50% of the roof runoff, but also for maintaining the vegetation in the rain garden.

We have provided a copy of the policy to the City Attorney for review and comment.

Staff requests Council review the attached Special Assessment Policy and provide direction as it relates to changes, corrections, assumptions, etc. contained in this policy. Ms. Pierce is present to respond to questions.

Hunter said he has a correction to the Assessment Policy. He said on page 20 of the policy, C. Storm Water Drainage Improvements, 2. Replacement of Storm Sewers – Replacement costs or reconstruction of existing storm sewers will be assessed at the 30% to the property owner, shouldn't it be will be assessed at the 30% to the benefitting property. Sell asked for storm sewers don't we establish a district. Jochum said yes, and then we assess the benefitting area. Sell said then shouldn't that read property owner in the storm sewer district. He said he thinks we can address this with language that is broader based.

Voss said isn't this a policy. Sell said yes, that is correct. Voss said and policies are meant to be flexible. Boyer said this is very different then our ordinances. Voss said this is not an ordinance, it is just a policy. He said the way he is looking at this is you start implementing policy and you will start coming up on situations where this or that is not working and we tighten it up or make changes, etc. Voss asked how many times we have said as much as we have pushed ordinances that we never get it totally right. Channer asked this isn't in conflict with an ordinance is it. Sell said we rely on our city attorney to check for that. Voss said we can use this as guideline and he like the idea of having a policy.

Voss made a motion to adopt the Assessment Policy as presented tonight with the language on page 20, C.2 being amended as discussed tonight. Hunter seconded. Boyer, nay; Channer, Hunter, Paavola, Voss, aye; motion carries.

Code
Enforcement
Report

Sell explained that the code enforcement report is provided for your review and information. Voss said we have a lot that of these that are closed, can we move those to the end. Boyer said yes, so that the ones that are open are at the beginning of the report. Voss said it is nice to see we have a lot of closed ones. Boyer asked on Elm Street we have an ongoing problem with garage occupancy. He said we have a date of the last action there, can we get what has happened in the last thirty (30) days. Paavola said yes, can we ask Lieutenant Orlando to follow up on this. Boyer asked or does the City Administrator have an answer. Sell said he will find out and get information to Council in the update.

Fire Dept
Reports

Sell explained that the monthly Fire Department reports are provided for your review and information. Hunter said he talked about this at the last City Council meeting, but with the report that is coming from Image Trend, there is another accident report with injuries and for the location all it states is Hwy 65 Hwy. He said we need to get this identified. Hunter said this is important for future reference. Channer said they have really been working on this so it must have been missed, or this might be an equivalent address.

Our Saviour's
Lutheran
Church –

Sell said he had sent Council some information he wanted feedback on in his update a week or so previously about Our Saviour's Lutheran Church and the location they have for sale and whether this should be an Conditional Use Permit (CUP) or Interim Use Permit (IUP).

Former
Location on
Viking –
IUP/CUP
Discussion

He said he was looking for direction. Voss said he would be fine with an IUP as long as there is no time factor. Sell said the only time factor would be if it is ceased to be used, then you would have to deal with whether it should continue as a church or not. Voss said whether it is the prospective or current order he would be fine with that. Sell said he was waiting to hear from Council. Randall said his concern is if prospective owner or current owner stops using this as a church could a new person come in and build a new church. Voss and hunter said they think that it would be great if that happened. Sell said he will find out if this is an issue and will let Council know.

Oil
Contamina-
tion at
Recycling
Center

Sell explained that our insurance company will not have a decision until the end of the month on whether or not they are going to pay the claim for the contamination at the recycling center in the oil recycling. He said we will be taking used oil on recycling day, this Saturday, September 25, 2010 at the East Bethel Ice Arena from 8:00 AM to 1:00 PM. Sell said we also will be taking used oil filters. Voss asked can a sign be posted about this at the recycling center, a big enough sign that residents can read it so they are aware of the opportunity.

New Fire
Fighters

Channer said as you can see from the minutes from the fire department, we have 8 new fire fighters that started on September 1, 2010. He said you were introduced to some of them at a previous City Council meeting. Channer said three (3) of them are assigned to station one (1) and five (5) of them are assigned to station two (2). He said he is really excited to announce the new fire fighters again

Feasibility
Study –
Property
Owners

Voss asked about table 6.3 in the Feasibility Study that was discussed tonight, did that get out to the affected property owners. Sell said Schmidt from Bolton and Menk is discussing that with them out in the lobby tonight. Voss said there is a lot more than three (3) property owners. Sell said you are right. He said he had calls from three (3) property owners today. He said one of them got online and looked at the numbers and seemed all right with them. Voss said we need to get this information to them, that way we can say at the public hearing that we didn't just publish the information, we gave them the information.

Closed
Session –
ACHRA
Lawsuit

Staff recommends Council close the regular City Council meeting pursuant to Minnesota Statutes, Section 13D.05, subd. 3 to discuss the ACHRA litigation.

Hunter made a motion to move to close session pursuant to Minnesota Statutes, Section 13D.05, subd. 3 to discuss the ACHRA litigation. Boyer seconded; all in favor, motion carries.

Boyer made a motion to return to open session. Hunter seconded; all in favor, motion carries.

Adjourn

Boyer made a motion to adjourn at 10:15 PM. Paavola seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk

Section 7.17 Voting Leave

Every employee who is eligible to vote in an election has the right to be absent from work for a reasonable time necessary to appear at the employee's polling place, cast a ballot, and return to work on the day of that election. Elections covered by this section include a regularly scheduled state primary or general election, an election to fill a vacancy for a U.S. senator or representative, or an election to fill a vacancy for a state senator or representative. As with other leaves, employees need to specifically request time off to vote to avoid coverage issues.

DRAFT

**APPLICATION FOR WITHDRAWAL OF WETLAND CREDITS
FROM THE MINNESOTA WETLAND BANK**

Return Original to BWSR – Transaction may not be processed without original signatures

1. PROPOSED USER OF CREDITS

Name(s) Stephanie Hanson
City of East Bethel

Address: 2241 221st Avenue NE

City East Bethel State MN ZIP 55011

Day Phone (763)367-7840

Other Phone ()

2. Impact Site Information

County Anoka Major Wtrshd No.21
Bank Service Area 7
Location: ¼ ¼ Sec 03, Twp.33, Rge 23
Size of Wetland Impact: .09 acres
Wetland Types² Impacted: 3
Wetland Plant Communities impacted³: cattail

Required Replacement Ratio: 2:1 WCA / local / COE
Amount to be replaced using Bank Credits: .18 ac.
Amount replaced on site: 0
Project Name: Bataan St. trail
Attach replacement plan if additional detail is needed.

3. OWNER / SELLER OF CREDITS

Account No. Watershed No.
County: Bank Service Area

Name of Seller:
(Name of Authorized Representative)

(Signature of Seller/Authorized Representative)

4. Regulating Authority(ies) Approving the Use of Wetland Bank Credits

Replacement Plan approved by (check all that apply):

Local WCA LGU: City of East Bethel (Print agency name)
Local Permit #EB338

U.S. Army Corps of Engineers: Permit #

MN Dept. of Natural Resources: Permit #

Natural Resources Conservation Service: Permit #

Other authority involved:

5. CREDITS PROPOSED TO BE WITHDRAWN FROM ACCOUNT NO. 1350

| Credit Sub-Group ¹ | Acres withdrawn | Wetland Type ² | Wetland Plant Community ³ | Cost (per acre) |
|-------------------------------|-----------------|---------------------------|---|-----------------|
| B | .18 | 3 | Shallow Marsh [pick one] [Pick One] [Pick One] | |
| Totals: | | | | |
| 1 acre = 43,560 sq. ft. | | | Fee Total (Total cost x 0.065) = | \$ |

Enclosed 6.5% transaction fee, payable to "Board of Water & Soil Resources."

¹Letters signify credit sub-groups, which represent wetland areas with different wetland characteristics.

²**Circular 39 types:** 1, 1L, 2, 3, 4, 5, 6, 7, 8, R, U (for Upland Buffer).

³ **Wetland plant community type:** shallow open water, deep marsh, shallow marsh, sedge meadow, fresh meadow, wet to wet-mesic prairie, calcareous fen, open bog or coniferous bog, shrub-carr/alder thicket, hardwood swamp or coniferous swamp, floodplain forest, seasonally flooded basin, or upland buffer. See *Wetland Plants and Plant Communities of Minnesota and Wisconsin (Eggers and Reed, 1997)* as modified by the Board of Water and Soil Resources, United States Army Corps of Engineers.

**CITY OF EAST BETHEL
EAST BETHEL, MINNESOTA**

RESOLUTION NO. 2010-60

**RESOLUTION TEMPORARILY SETTING MAXIMUM VACATION
ACCUMULATION**

WHEREAS, City Personnel Policies limit accumulated vacation accrued at 240 hours;
and

WHEREAS, it has been and will continue to be operationally necessary to have the City Administrator and Public Works Manager available during periods of significant activity related to utility improvements and public works activities; and

WHEREAS, such operationally necessity during this period has and will continue to preclude use of accumulated vacation accrual to comply with Personnel Policy guidelines.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EAST BETHEL, MINNESOTA THAT: The City Administrator and Public Works Manager will be permitted to temporarily accumulate vacation in excess of the limitations noted in the City's Personnel Policy.

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF EAST BETHEL, MINNESOTA THAT: it is hereby confirmed that the maximum payout of accrued unused vacation shall be limited to 240 hours as provided for in the City's Personnel Policy. Any vacation hours in excess of 240 hours must be used by June 30, 2013 or it will be forfeited.

Adopted this 6th day of October, 2010 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

Greg Hunter, Mayor

ATTEST:

Douglas Sell, City Administrator

Election Judge Roster
General Election November 2, 2010
Agenda item 6.0 F October 6, 2010

This roster of Election Judges as attached to and made part of the meeting minutes for the October 6, 2010 City Council Meeting minutes.

Barbara Behm **Head Judge - Precinct 1**

Ardis Hoffmann
Barbara Vangsness
Bill Abler
Jannette Domogalla
LeAnn Slanga
Melissa Globensky

Michael Whalen **Asst. Judge - Precinct 1**

Penelope Berens
Ron Hance

Gloria Nesenson **Head Judge - Precinct 2**

Beverly Lero
Bonnie Foyt
Charlene Olson
Donna Miller
Francine Merrell
Kathleen Emond
Kermit Kirkevold
Ray Domogalla

Sherri Anderson **Asst. Judge - Precinct 2**

Carla Kirpach **Head Judge - Precinct 3**

Asst. Judge Precinct 3

Anne Kubat
Candice Koski
Debra Melander
Marlene Collen
Muriel Maskalans
Polly Anderson
Richard Rakow
Robin Feist
Teri Nicholas

Tammy Schutta **Alternate/Trained as
Head Judge**



DATE: October 6, 2010

TO: Honorable Mayor
Members of the City Council

FROM: Wendy Warren
Deputy City Clerk

RE: Addition to Agenda – Agenda Item 6.0 F – Appoint Election Judges for General Election

As part of the General Election, judges need to be appointed by the City Council no later than October 8, 2010 per Minn. Stat. §204B.21, subd. 2. Council previously appointed the election judges at the July 7, 2010 City Council meeting and would not have to reappoint the judges as long as there were not any changes to the previous list.

Unfortunately, some judges have had conflicts with their schedules and notified staff on Monday, October 4, 2010 of those conflicts. Staff has been able to replace those judges and get them scheduled for training.

Staff requests Council appoint election judges as provided in the attached list for the 2010 General Election to be held on November 2, 2010.

Attachment:
2010 General Election Judge Roster



City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 7.0 A.1

Agenda Item:

Planning Commission Meeting Minutes for August 31, 2010

Requested Action:

Information Only

Background Information:

Information Only. These minutes were approved by the Planning Commission on September 28, 2010.

Fiscal Impact:

None

Recommendation(s):

Information Only

City Council Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required: X

EAST BETHEL PLANNING COMMISSION MEETING

August 31, 2010

The East Bethel Planning Commission met on August 31, 2010 at 7:02 P.M for their regular meeting at City Hall.

MEMBERS PRESENT: Eldon Holmes Lori Pierson Lorraine Bonin
Glenn Terry Heidi Moegerle Tim Landborg

MEMBERS ABSENT: Julie Moline

ALSO PRESENT: Stephanie Hanson, City Planner

Adopt Agenda The August 31, 2010 meeting was called to order by Chairperson Holmes at 7:00 PM.

Holmes made a motion to adopt the August 31, 2010 agenda. Pierson seconded; all in favor, motion carries.

Interim Use Permit -

A request by owners/applicants, Mary J. Ciagne and Jamal M. Bawazir, to obtain an Interim Use Permit for Domestic Farm Animals (2 horses). The location being 20936 East Bethel Blvd. NE, East Bethel, MN 55011, PIN 15 33 23 14 0002. The Zoning Classification is Rural Residential (RR) District

Background Information:

Property Owner/Applicants:

Mary Ciagne & Jamal Bawazir
1260 Bayard Avenue
St. Paul, MN 55116

Property Location:

20936 East Bethel Blvd
PIN 15-33-23-14-0002
East Bethel, MN

Requested Action:

Consider granting an Interim Use Permit (IUP) for Mary Ciagne and Jamal Bawazir for two (2) horses in the RR – Rural Residential District.

The applicants are requesting an IUP for the purpose of keeping two (2) horses on the 4.5 acre parcel they own in East Bethel.

East Bethel City Code Section 10, Article V. Farm Animals, requires that no animals that are regulated by the code can be kept on a parcel of land located within a platted subdivision or on any parcel of land of less than three (3) acres (130,680 square feet). The 4.5 acre parcel is not located within a platted subdivision.

City Code has a limit on the number of animals per parcel. Two (2) horses require 2 grazeable acres. The property contains approximately 3 acres of fenced grazeable lands. There is shelter provided for the animals.

City staff has conducted a site inspection. The property meets the requirements set forth in City Code for the keeping of farm animals.

A couple of years ago, the City granted an IUP for chickens.

City Staff is requesting the Planning Commission recommend approval to the City Council of an IUP for the keeping of two (2) horses for Ms. Caigne and Mr. Bawazir, located at 20936 East Bethel Blvd, East Bethel, PIN 15-33-23-14-0002 with the following conditions:

An Interim Use Permit Agreement must be signed and executed by the applicants and the City.

1. Applicants must comply with City Code Section 10. Article V. Farm Animals.
2. Permit shall expire when:
 - a. The property is sold, or
 - b. Non-compliance of IUP conditions
3. Property owner shall have thirty (30) days to remove approved domestic farm animals upon expiration of the IUP.
4. Property will be inspected and evaluated annually by city staff.
5. Conditions of the IUP must be met no later than October 1, 2010. IUP will not be issued until all conditions are met. Failure to meet conditions will result in the null and void of the IUP.

Public hearing opened at 7:04 and closed immediately thereafter as there was not any public in attendance for the meeting.

Pierson said the horses are for the property renters. Hanson said the owner is the applicant so the renters can have horses on the property.

Terry motioned to recommend approval to the City Council of an IUP for the keeping of two (2) horses for Ms. Caigne and Mr. Bawazir, located at 20936 East Bethel Blvd, East Bethel, PIN 15-33-23-14-0002 with the following conditions:

An Interim Use Permit Agreement must be signed and executed by the applicants and the City.

- 1. Applicants must comply with City Code Section 10. Article V. Farm Animals.**
- 2. Permit shall expire when:**
 - a. The property is sold, or**
 - b. Non-compliance of IUP conditions**
- 3. Property owner shall have thirty (30) days to remove approved domestic farm animals upon expiration of the IUP.**
- 4. Property will be inspected and evaluated annually by city staff.**

Conditions of the IUP must be met no later than October 1, 2010. IUP will not be issued until all conditions are met. Failure to meet conditions will result in the null and void of the IUP. Landborg seconded; all in favor, motion carries.

Other

Moegerle stated the approval for the City to go forward with the TH 65 sewer and water is progressing. With that in mind, the City ordinances are not big City ordinances. This became apparent when Purple Reign was ticketed for serving a minor. She did a little investigation of other cities/counties ordinances and was concerned the City does not have any ethics guidelines.

Hanson recommended the Commission could make a recommendation to Council to take a look at ethics guidelines.

Moegerle motioned to recommend to the City Council that they investigate implementing an ethics and due process ordinance. Motion failed due to lack of a second.

Moegerle said she had sample ordinances from Hennepin County and the City of Minneapolis. Bonin said the City should be looking at cities the same size as East Bethel, not the size of Minneapolis. There must be a City a little bit more our size that would be more appropriate to look at. Moegerle said this is just an example and that this is just a starting point. Bonin doesn't think that would be a good starting point.

Moegerle stated a lot of time there are non-compete clauses for employees. Landborg said that would be covered in employment contracts. Moegerle said that there should be a policy that addresses those sort of issues. Holmes said this would be just a recommendation to Council.

Landborg said that was brought up, it was looked at before, and he is just explaining how it was dealt with before. The City did look at it once before. Terry said he thinks there should be a more precise definition on what you think is lacking. Landborg suggested bringing the topic back for discussion by the Commission and think about what we would do differently with the existing ordinance.

Adjourn

Pierson made a motion to adjourn the meeting at 7:38 PM. Bonin seconded; all in favor, motion carries.

Submitted by:
Jill Teetzel
Recording Secretary



City of East Bethel City Council Agenda Information

Date:

October 6, 2010

Agenda Item Number:

Item 7.0 A.2

Agenda Item:

Discussion and Direction on Proposed Amendment to City Code Appendix A, Zoning, Section 10.18 Home Occupations

Requested Action:

Staff seeks direction from Council to proceed with a public hearing for proposed amendment to City Code Appendix A, Zoning Section 10.18, Home Occupation.

Background Information:

At the September 28, 2010 Planning Commission meeting, Commission members discussed the existing language pertaining to home occupations and its' interpretation as it related to a specific request for an IUP.

Appendix A, Zoning, Section 10.18 Home Occupations current language reads “a home occupation shall occupy no more than 50 percent of the floor of the structure. This shall include offices of professionals, home beauty shops, and other such occupations than by custom are an accessory use.” In the past, when a request for a home occupation was presented, staff applied the provisions of this section of code to mean only 50 percent of the structure in which the home occupation would be occupy would be permitted as space for the home occupation. It made no difference whether it was a tax service in the principal structure or a catering business in the accessory structure when this section of the Zoning Ordinance was applied.

During the discussion, Planning Commission members and Councilmember Voss indicated that they thought this may be a misapplication of the intent of this section of the Zoning Ordinance. Based on the discussion, it was indicated that the intent of the code was directed towards home occupations in a principal structure but does not regulate home occupations in an accessory structure. Planning Commission, by consensus seemed to indicate it favored home occupations in an accessory structure having an ability to use the entire square footage of the accessory structure for the business.

Based on the discussion, Planning Commission asked staff to propose language to the Zoning Ordinance that would clarify this section. There was consensus that the City fully supports the “home occupation” concept as it frequently provides a base from which a full commercial venture grows.

A copy of some proposed language is attached for your review. The changes to Appendix A, Zoning, Section 10.18 Home Occupations are designed to address the 50% limitation on space for use as a home occupation and would include the following:

Delete the language “A home occupation shall occupy no more than 50 percent of the floor area of the structure. This shall include offices of professionals, home beauty shops, and other such occupations that by custom are an accessory use”

The language would be replaced with “The area set aside for the home occupation in the principal structure shall not exceed 50 percent of the gross living area of the principal structure.”

Additional language is proposed to read: “The area set aside for the home occupation in attached or detached accessory structures or garages shall not exceed total accessory structure space allowed on the property of the home occupation.”

Based on advice from the City Attorney, this change to the Zoning Ordinance would require a public hearing. Public hearings for Zoning Ordinance changes must be noticed and have traditionally been held by the Planning Commission.

Attachment(s):

1. Appendix A, Zoning, Section 10.18 Home Occupations Proposed Language Changes

Fiscal Impact:

None at this time.

Recommendation(s):

Staff seeks direction from City Council to proceed with a public hearing at the October 26, 2010 Planning Commission meeting for a proposed amendment to City Code Appendix A, Zoning Section 10.18, Home Occupation.

City Council Action

Motion by:_____

Second by:_____

Vote Yes:_____

Vote No:_____

No Action Required:_____

SECTION 10
GENERAL DEVELOPMENT REGULATIONS

13. Home Occupations

- A. No more than three (3) persons, at least one (1) of whom shall reside within the principal dwelling, shall be employed by the Home Occupation.
- B. No traffic shall be generated by any home occupation in a significantly greater volume than would normally be expected from a single-family residence.
- C. Any sign associated with the home occupation shall be in compliance with the East Bethel Sign Ordinance.
- D. The home occupation shall not generate hazardous waste unless a plan for off-site disposal of the waste is approved.
- E. A home occupation at a dwelling with an on-site sewage treatment system shall only generate normal domestic household waste unless a plan for off-site disposal of the waste is approved.
- F. The home occupation shall not constitute, create, or increase a nuisance to the criteria and standards established in this ordinance.
- G. There shall be no outdoor display or storage of goods, equipment, or materials for the home occupation.
- H. Parking needs generated by the home occupation shall be provided on-site.
- I. The area set aside for the home occupation in the principal structure shall not exceed 50 percent of the gross living area of the principal structure. ~~A home occupation shall occupy no more than fifty (50) percent of the floor area of the structure. This shall include offices of professionals, home beauty shops, and other such occupations that by custom are an accessory use.~~
- J. No structural alterations or enlargements shall be made for the sole purpose of conducting the home occupation.
- K. There shall be no detriments to the residential character of the neighborhood due to the emission of noise, odor, smoke, dust, gas, heat, glare, vibration, electrical interference, traffic congestion, or any other nuisance resulting from the home occupation.
- L. The area set aside for the home occupation in attached or detached accessory structures or garages shall not exceed total accessory structure space allowed on the site of the home occupation.