

**AGENDA**  
**HARMONY CITY COUNCIL**  
**Regular Meeting**

August 8, 2017  
7:00 P.M.

Council Room  
Community Center

1. Call To Order
2. Roll Call
3. Public Forum
4. Consent Agenda
  - a. Minutes
  - b. Claims
  - c. Administrator Report
  - d. Financial Report
  - e. CD
  - f. Fire Department
  - g. SEMCAC
  - h. Liability Insurance
5. Reports
  - a. Planning and Zoning Meeting
  - b. 2017 Street and Utility Project
  - c. Personnel Committee
  - d. Building & Maintenance Report
  - e. EDA Board
  - f. Park Board
  - g. Library Board
  - h. Arts Board
6. Adjourn

**BACKGROUND INFORMATION  
HARMONY CITY COUNCIL  
REGULAR MEETING**

**August 8, 2017  
7:00 P.M.**

**Council Room  
Community Center**

1. Call To Order
2. Roll Call
3. Public Forum
4. Consent Agenda
  - a. Minutes
  - b. Claims
  - c. Administrator Report-See report.
  - d. Financial Report-See report.
  - e. CD-Cash in CD #43696.
  - f. Fire Department-Approve new firemen Andrew Kingsley and Alex Skaalen.
  - g. SEMCAC-Approve Vendor Contract.
  - h. Liability Insurance-Do not waive liability limit.
5. Reports
  - a. Planning and Zoning Meeting-Solar Ordinance.
  - b. 2017 Street and Utility Project-Update on project. Approve financing for project. See enclosed letter, debt schedule, and resolution.
  - c. Personnel Committee-Update. Approve conditional job offer. Approve non-union insurance rebate to be shared with non-union members as recommended by personnel committee.
  - d. Building & Maintenance Report-Discuss Water Main Looping quote approval. Firehall Roof Bids. Update on TH139 Project/Street Lights.
  - e. EDA Board
  - f. Park Board
  - g. Library Board
  - h. Arts Board
6. Adjourn

JULY 11, 2017

REGULAR MEETING

HARMONY CITY COUNCIL

A Regular meeting of the Harmony City Council was called to order by Mayor Steve Donney at 7:00 PM. Present were Mayor Donney, Council members Debbie Swenson, Lynn Mensink, Kyle Morem, and Steve Sagen; Attorney Greg Schieber, Chris Johnson, Terry Bigalk, Julie Lau, Gene Johnson, Mary Lou Zombory, Wendi Dolton, Charlie Warner, Hannah Wingert and Eileen Schansberg.

**PUBLIC FORUM:**

Gene Johnson expressed a concern regarding the poor state of the property at 540 Main Avenue South. Johnson stated the grass is high and adolescents as well as raccoons are seen going in and out of the house. After much discussion, the city maintenance staff was instructed to cut the long grass on the property and secure the doors to keep people and animals out. Administrator Illg mentioned that the property is currently in the process of tax forfeiture.

**CONSENT AGENDA:**

Motion by Mensink and seconded by Sagen to approve the Consent Agenda that consisted of the minutes to the June 13, 2017 Council meeting, the Claims, the Administrator's Report, the Financial Report, cashing in CD 43610 to the General Fund, approving 2014A Bond debt interest payment of \$3,071.25 by internal transfer at FSEB and approve 2013B debt interest payment by internal transfer at FSEB of \$4,207.50. All present voting yes. Motion carried.

**HARMONY HISTORICAL SOCIETY:**

Mary Lou Zombory representing the Harmony Historical Society updated the Council on their walking tour of Harmony by creating 11 historical signs to be placed throughout the downtown area along sidewalk (behind curb) and green space area. The Harmony Historical Society received a \$10,000 Harmony Area Community Foundation Grant to help fund the project. Administrator Illg mentioned that he is coordinating with MNDOT for the placement of 4 of the signs since they are located in MNDOT right-of-way. Those businesses that will have signs placed in front in their business are aware.

**HAMMEL HOUSE DEVELOPMENT PROJECT:**

Bids were reviewed for the Walnut Farms, LLC First Addition project. Motion by Donney to approve the low bid from A-1 Excavating, Inc. in the amount of \$253,532.65 contingent upon receiving written approval that developers are acceptable to low bidder since they are sharing in the cost. Seconded by Swenson. All present voting yes. Motion carried.

Motion by Swenson to approve the Development Agreement with Hammel House Development. Seconded by Mensink. All present voting yes. Motion carried.

**PERSONNEL COMMITTEE:**

Brian Michel has been hired and has begun working as a replacement for Brian Johnson. Applications have returned and interviews will be set up to hire an additional maintenance person like originally planned to plan for future retirement. That would allow for training and cross-training due to water and wastewater licensure.

**BUILDING AND MAINTENANCE:**

Terry Bigalk and Chris Johnson have been training Brian Michel. MN Rural Water has training available to assist.

EDA BOARD:

The Logo design is progressing. A Logo template has been approved. They are currently reviewing color options.

A Purchase Agreement and Development Agreement are being finalized with Harmony Spirits. Discussed funding options for the trail extension south to IA border to secure land option contracts.

With the expected sale of the industrial park lots to Harmony Vet Clinic, truck parking along the streets of the Industrial Park Blvd and 2<sup>nd</sup> Ave NE will need to be figured out. Discussion occurred on alternative places for trailer parking while drivers are home.

PARK BOARD:

Odean Miller has been hired after interviewing three people as the Temporary Summer Maintenance employee to finish out the season. Miller was hired for Up to 40 hours per week to do what was needed for park beautification.

Administrator Illg mentioned that the park board discussed summer rec.

LIBRARY BOARD:

Library Donations collected for the Patio Project so far are \$2,000. The Library has received a Harmony Area Community Foundation Matching Grant for up to \$5,000 for their Patio Project. Total cost of the project was \$10,000.

ARTS BOARD:

Will be meeting next week.

Administrator Illg mentioned that the Walnut Farms development project is moving forward, Stantec will be preparing specifications to solicit quotes to loop the water main to the Fire hall and put a hydrant at the Wastewater plant.

Administrator Illg requested direction if the council desired to add the water main looping to the bond issue for the 2017 Street Project.

Chris Johnson expressed concern regarding the house at 442 Main Ave North. The boulevard and yard has been dug up for weeks as the owner of the property is trying to dig out tree stumps. Administrator Illg will discuss it with the property owner.

Wendi Dolton brought up the concern again regarding the property at 540 Main Avenue South. Dolton was not present for Public Forum so she did not know it had already been addressed. The Mayor informed Dolton of the Council discussion.

Upon no further business, Mayor Donney adjourned the meeting.

Mayor Steve Donney

Eileen Schansberg, Deputy Clerk

**CITY OF HARMONY**  
**City Council Claims for Review**

August 8, 2017

Fund Descr	Department	Object of Expense	Vendor	Comments	Amount
Fund 101 General Fund					
General Fund		Union Central Pension Fund	CENTRAL PENSION FUND	Union pension -Brian/Chris	\$176.00
General Fund		Health Insurance	I.U.O.E. LOCAL 49 FRINGE BENEF	Union health ins Brian/Chris/Corey	\$3,510.00
General Fund		Union Dues	IUOE LOCAL #49	union dues Brian/Chris	\$69.00
General Fund		NCPERS Insurance	NCPERS GROUP LIFE INS	511800	\$48.00
General Fund		Life Insurance	USABLE LIFE	101421301G	\$81.50
General Fund	Administration	General Operating Supplies	1 SOURCE	office supplies	\$93.47
General Fund	Administration	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Van	\$14.64
General Fund	Animal Control	Small Tools and Minor Equip	KINGSLEY MERCANTILE	live trap	\$87.99
General Fund	Civil Defense	Telephone	HARMONY TELEPHONE COMPANY	Sirens/DSL Phone	\$89.22
General Fund	Community Center	Building Repair Materials	KINGSLEY MERCANTILE	electric lock/wire	\$194.99
General Fund	Community Center	Cleaning Supplies	DALCO	cleaning supplies	\$75.03
General Fund	Community Center	Cleaning Supplies	DALCO	floor stripper pads	\$59.82
General Fund	Community Center	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Comm Ctr	\$823.15
General Fund	Community Center	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Comm Ctr	\$141.37
General Fund	Community Center	General Operating Supplies	KINGSLEY MERCANTILE	batteries/glue/ant poison/plug	\$46.82
General Fund	Community Center	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Terry Pickup	\$42.84
General Fund	Community Center	Repair/Maint Vehicles	BAUER BUILT	valve stem repair	\$55.00
General Fund	Community Center	Sewer Utilities	HARMONY PUBLIC UTILITIES	sewer-Comm Ctr	\$42.50
General Fund	Community Center	Telephone	HARMONY TELEPHONE COMPANY	Admin Phone/DSL	\$220.52
General Fund	Community Center	Water Utilities	HARMONY PUBLIC UTILITIES	water-Comm Ctr	\$26.23
General Fund	Community Events	Program Services	ESSENCE OF HARMONY RESTORE	Intern grant payout-Kinneberg	\$875.00
General Fund	Community Events	Program Services	HARMONY CHAMBER OF COMMERCE	intern grant program A Lange	\$875.00
General Fund	Community Events	Program Services	HARMONY ENTERPRISES COMPANY	intern grant program-E Kiehne	\$875.00
General Fund	Community Events	Program Services	HARMONY FOODS	food	\$127.77
General Fund	Community Events	Program Services	NETHERCUT SCHIEBER ATTORNEYS	intern grant-E Kiehne	\$875.00
General Fund	Community Events	Program Services	OAK MEADOW MEATS	Oak Meadow Meats program	\$35.00
General Fund	Financial Administration	Dues	SOUTHEAST SERVICE CO-OP	Membership fee 2017 thru 2018	\$200.00
General Fund	Legal Services	Legal Fees	FILLMORE COUNTY ATTORNEY	legal services	\$110.00
General Fund	Legal Services	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	legal services Walnut Farms Development	\$600.00
General Fund	Legal Services	Legal Fees	NETHERCUT SCHIEBER ATTORNEYS	legal services for July	\$391.50
General Fund	Personnel Administration	General Operating Supplies	CULLIGAN	Wellness Program	\$42.40
General Fund	Personnel Administration	General Operating Supplies	ILLG, JEROME	Wellness Program	\$157.96
General Fund	Personnel Administration	General Operating Supplies	SCHANSBERG, EILEEN	Wellness program	\$74.90
General Fund	Personnel Administration	Taxes, Licenses & Permits	JOHNSON, CHRIS	CDL portion license reimbursed	\$11.00
General Fund	Police Department	Motor Fuels/Lubricants	SEVERSON OIL CO.	gas-squad	\$320.82
General Fund	Police Department	Motor Vehicles	AUTO LICENSE BUREAU	Register 2017 Squad	\$31.75

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Fund Descr	Department	Object of Expense	Vendor	Comments	Amount	
General Fund	Police Department	Motor Vehicles	KELLY PRINTING & SIGNS	Squad Car Graphics	\$475.00	
General Fund	Police Department	Motor Vehicles	MIKE MOTORS OF MN, INC	Squad-2017 Dodge Charger	\$24,587.00	
General Fund	Police Department	Telephone	HARMONY TELEPHONE COMPANY	Police Phone	\$44.26	
General Fund	Public Works Buildings	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Shop	\$171.22	
General Fund	Public Works Buildings	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Shop	\$60.47	
General Fund	Public Works Buildings	General Operating Supplies	KINGSLEY MERCANTILE	rods/keys	\$19.66	
General Fund	Public Works Buildings	General Operating Supplies	MISSISSIPPI WELDERS SUPPLY CO	oxygen cylinders	\$16.43	
General Fund	Public Works Buildings	General Operating Supplies	S & S AUTOMOTIVE	upholstery cleaner/electronic cleaner	\$16.98	
General Fund	Public Works Buildings	Motor Fuels/Lubricants	S & S AUTOMOTIVE	deep creep/Lucas Oil	\$16.98	
General Fund	Public Works Buildings	Small Tools and Minor Equip	KINGSLEY MERCANTILE	broom	\$23.99	
General Fund	Public Works Buildings	Water Utilities	HARMONY PUBLIC UTILITIES	water-shop	\$39.82	
General Fund	Streets	General Operating Supplies	KINGSLEY MERCANTILE	paint	\$6.29	
General Fund	Streets	Landscaping Materials	KINGSLEY MERCANTILE	grass seed	\$14.49	
General Fund	Streets	Motor Fuels/Lubricants	HAMMELL EQUIPMENT	diesel exhaust-tractor	\$13.93	
General Fund	Streets	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Chris pickup	\$60.35	
General Fund	Streets	Motor Fuels/Lubricants	SEVERSON OIL CO.	gas-chris' pickup	\$31.43	
General Fund	Streets	Motor Fuels/Lubricants	SEVERSON OIL CO.	diesel-tractor	\$90.47	
General Fund	Streets	Sign Materials	HI-VIZ SAFETY	barricades lights/cones/stop signs	\$498.00	
General Fund	Streets	Small Tools and Minor Equip	KINGSLEY MERCANTILE	torch kit/flashlight	\$80.98	
General Fund	Streets	Street Maint Materials	BRUENING ROCK PRODUCTS, INC	road rock	\$197.41	
General Fund	Streets	Street Maint Materials	MIDWEST PATCH	cold patch	\$716.80	
General Fund	Tourism Programs	Lodging Tax	HARMONY CHAMBER OF COMMERCE	Lodging tax 2nd Qtr Country Lodge	\$876.85	
General Fund	Visitor Center	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-Vis Ctr	\$240.20	
General Fund	Visitor Center	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Vis Ctr	\$117.25	
General Fund	Visitor Center	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Terry pickup	\$42.83	
General Fund	Visitor Center	Repair/Maint Bldg/Structures	MOREM ELECTRIC, INC	Outside lights @ Vis Ctr	\$697.01	
General Fund	Visitor Center	Repair/Maint Vehicles	BAUER BUILT	valve stem repair	\$55.00	
General Fund	Visitor Center	Sewer Utilities	HARMONY PUBLIC UTILITIES	Vis Ctr-sewer	\$63.58	
General Fund	Visitor Center	Water Utilities	HARMONY PUBLIC UTILITIES	Vis Ctr-water	\$39.58	
Fund 101 General Fund					\$40,815.45	
Fund 202 CDBG Rehab Loan Program						
	CDBG Rehab Loan Progr	Loan Programs	Management Fees	CEDA	retainer SCDP grant	\$720.98
	CDBG Rehab Loan Progr	Loan Programs	Miscellaneous	HARTERTS BUILDING SOLUTIONS, I	Risk assessment 210 1st Ave SE	\$450.00
Fund 202 CDBG Rehab Loan Program					\$1,170.98	
Fund 211 Library Fund						
	Library Fund	Library	General Operating Supplies	KINGSLEY MERCANTILE	paint roller for mural	\$4.29

**CITY OF HARMONY**  
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Fund Descr	Department	Object of Expense	Vendor	Comments	Amount
Library Fund	Library	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$21.99
Library Fund	Library	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$78.86
Library Fund	Library	Media-Audio	INGRAM LIBRARY SERVICES, INC	audio books	\$150.80
Library Fund	Library	Media-Books	BAKER & TAYLOR	books	\$94.96
Library Fund	Library	Media-Books	BAKER & TAYLOR	books	\$189.08
Library Fund	Library	Media-Books	CENTER POINT LARGE PRINT	books	\$44.34
Library Fund	Library	Media-Books	GALE GROUP	books	\$60.78
Library Fund	Library	Media-Books	INGRAM LIBRARY SERVICES, INC	books	\$19.08
Library Fund	Library	Media-Books	INGRAM LIBRARY SERVICES, INC	books	\$27.26
Library Fund	Library	Media-Books	INGRAM LIBRARY SERVICES, INC	books	\$13.63
Library Fund	Library	Media-Periodicals	EBSCO SUBSCRIPTION SERVICES	Magazine subscriptions	\$254.45
Library Fund	Library	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$61.76
Library Fund	Library	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$24.88
Library Fund	Library	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$39.92
Library Fund	Library	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$72.89
Library Fund	Library	Media-Video	AMAZON CAPITAL SERVICES	DVDs	\$39.96
Library Fund	Library	Postage	SOUTHEASTERN LIBRARIES COOP	postage on mailers	\$23.92
Library Fund	Library	Printed Forms	SOUTHEASTERN LIBRARIES COOP	mailers	\$16.00
Library Fund	Library	Program Supplies	HARMONY FOODS	SRP supplies	\$3.87
Library Fund	Library	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	Basic services & PC Support	\$577.36
Library Fund	Library	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	chromebook support	\$506.00
Library Fund	Library	Software Service Fees	SOUTHEASTERN LIBRARIES COOP	chromebook support	\$506.00
Library Fund	Library	Telephone	HARMONY TELEPHONE COMPANY	Library Phone	\$43.86
Fund 211 Library Fund					\$2,875.94
Fund 222 Fire Fund					
Fire Fund	Fire Department	Contractual Services	ANCOM TECHNICAL CENTER	Annual maintenance contract	\$3,274.65
Fire Fund	Fire Department	Dues	VOLUNTEER FIREFIGHTER S BENEFI	membership for Andrew Kingsley	\$11.00
Fire Fund	Fire Department	Motor Fuels/Lubricants	KWIK TRIP, INC	gas-Fire generator	\$21.25
Fire Fund	Fire Department	Small Tools and Minor Equip	CLAREY S SAFETY EQUIPMENT, INC	2 pr gloves/2 LED lights	\$209.20
Fire Fund	Fire Stations and Bldgs	Electric Utilities	HARMONY PUBLIC UTILITIES	Firehall-Elec	\$338.96
Fire Fund	Fire Stations and Bldgs	Gas Utilities	MINNESOTA ENERGY	monthly gas service-Fire hall	\$100.78
Fire Fund	Fire Stations and Bldgs	Sewer Utilities	HARMONY PUBLIC UTILITIES	Firehall-sewer	\$26.00
Fire Fund	Fire Stations and Bldgs	Telephone	HARMONY TELEPHONE COMPANY	Fire Phone	\$44.79
Fire Fund	Fire Stations and Bldgs	Water Utilities	HARMONY PUBLIC UTILITIES	Firehall-water	\$15.78
Fund 222 Fire Fund					\$4,042.41
Fund 223 Ambulance Fund					

**CITY OF HARMONY**  
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Fund Descr	Department	Object of Expense	Vendor	Comments	Amount	
Ambulance Fund		Ambulance Accounts Receivab	AMBULANCE REFUNDS	over payment Corine Handke	\$20.00	
Ambulance Fund	Ambulance Service	Cleaning Supplies	S & S AUTOMOTIVE	brush/Bug-B-Gone	\$18.78	
Ambulance Fund	Ambulance Service	Financial Services Fees	EXPERT T BILLING	billing for Jun	\$378.00	
Ambulance Fund	Ambulance Service	Medical and Dental Fees	TRI STATE AMBULANCE SERVICE	intercept chgs JH	\$250.00	
Ambulance Fund	Ambulance Service	Medical Supplies	MISSISSIPPI WELDERS SUPPLY CO	oxygen	\$32.34	
Ambulance Fund	Ambulance Service	Motor Fuels/Lubricants	KWIK TRIP,INC	diesel-Amb	\$302.08	
Ambulance Fund	Ambulance Service	Printed Forms	EMSRB	MNSTAR Run Forms	\$117.00	
Fund 223 Ambulance Fund					\$1,118.20	
Fund 251 Park Fund						
Park Fund	Parks	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-parks	\$288.26	
Park Fund	Parks	Equipment Parts	HAHN LUMBER CO	treated lumber	\$123.60	
Park Fund	Parks	General Operating Supplies	KINGSLEY MERCANTILE	cement anchors/nuts/screws/bungee cord	\$46.62	
Park Fund	Parks	Motor Fuels/Lubricants	KWIK TRIP,INC	gas-Mowers/UTV	\$119.90	
Park Fund	Parks	Motor Fuels/Lubricants	RUN RIGHT POWER LLC	4 stroke fuel	\$27.95	
Park Fund	Parks	Motor Fuels/Lubricants	SEVERSON OIL CO.	gas-mowers	\$90.78	
Park Fund	Parks	Other Rentals	ON SITE SANITATION	porta toilet rental	\$72.00	
Park Fund	Parks	Repair/Maint Bldg/Structures	HAHN LUMBER CO	repairs in North Park Bathrooms	\$131.50	
Park Fund	Parks	Repair/Maint Machinery/Equip	HAMMELL EQUIPMENT	bush hog repair	\$136.04	
Park Fund	Parks	Repair/Maint Machinery/Equip	RUN RIGHT POWER LLC	brake switch	\$7.88	
Park Fund	Parks	Repair/Maint Machinery/Equip	RUN RIGHT POWER LLC	Husq mower repair	\$53.50	
Park Fund	Parks	Repair/Maint Machinery/Equip	RUN RIGHT POWER LLC	Hus titanium line & fuel	\$43.86	
Park Fund	Parks	Repair/Maint Machinery/Equip	RUN RIGHT POWER LLC	mower blades & service	\$108.82	
Park Fund	Parks	Repair/Maint Other Improve	NORBY TREE SERVICE LLC	dead tree removal	\$600.00	
Park Fund	Parks	Sewer Utilities	HARMONY PUBLIC UTILITIES	sewer-parks	\$112.00	
Park Fund	Parks	Small Tools and Minor Equip	KINGSLEY MERCANTILE	bits/chain	\$42.64	
Park Fund	Parks	Water Utilities	HARMONY PUBLIC UTILITIES	water-parks	\$139.12	
Fund 251 Park Fund					\$2,144.47	
Fund 261 Arts Fund						
Arts Fund	Arts	Program Services	MONSTER BASH, INC	donation to Monster Bash	\$200.00	
Fund 261 Arts Fund					\$200.00	
Fund 314 G.O. Impr Bonds, 2010A-3rdStSW						
G.O. Impr Bonds, 2010A	GO Improvement Bond	1	Debt Service Interest	BANK OF ZUMBROTA	GO Imp Note 2010A interest	\$520.00
G.O. Impr Bonds, 2010A	GO Improvement Bond	1	Debt Service Principal	BANK OF ZUMBROTA	GO Imp Note 2010A 2rd St Pjt	\$16,000.00
Fund 314 G.O. Impr Bonds, 2010A-3rdStSW					\$16,520.00	
Fund 423 2017 Street & Utility Project						



**CITY OF HARMONY**  
**City Council Claims for Review**

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Fund Descr	Department	Object of Expense	Vendor	Comments	Amount
2017 Street & Utility Pro	2017 Street & Utility Proje	Other Improvements	A-1 EXCAVATING, INC	Pay Request #1 2017 St Pjt	\$153,200.90
Fund 423 2017 Street & Utility Project					\$153,200.90
Fund 601 Water Fund					
Water Fund	Water Utility Administratio	Dues	MINN RURAL WATER ASSOC	9/2017-8/2018 membership	\$250.00
Water Fund	Water Utility Administratio	Taxes, Licenses & Permits	MN DEPT OF HEALTH	Water license-Brian Michel	\$32.00
Water Fund	Water Utility Operation	Electric Utilities	HARMONY PUBLIC UTILITIES	pumphouses-Elec	\$1,200.00
Water Fund	Water Utility Operation	Equipment Parts	HAWKINS WATER TREATMENT GROU	3/4 in main connection	\$10.50
Water Fund	Water Utility Operation	Gas Utilities	MINNESOTA ENERGY	monthly gas service-pumphouses	\$84.80
Water Fund	Water Utility Operation	General Operating Supplies	KINGSLEY MERCANTILE	clamp/nipple/cap	\$11.57
Water Fund	Water Utility Operation	Small Tools and Minor Equip	SOLBERG WELDING	water shutoff extension	\$8.69
Water Fund	Water Utility Operation	Small Tools and Minor Equip	TEAM LABORATORY CHEM. CORP.	spray marking paint	\$54.50
Water Fund	Water Utility Operation	Training Fees	ELAN FINANCIAL SERVICES	water school-Brian Michel MN Rural Water	\$255.00
Water Fund	Water Utility Operation	Utility Maint Materials	DAKOTA SUPPLY GROUP	water pipe fittings	\$12.51
Water Fund	Water Utility Operation	Utility Maint Materials	DAKOTA SUPPLY GROUP	well pvc pipe fittings	\$72.76
Water Fund	Water Utility Operation	Utility Maint Materials	METERING & TECHNOLOGY SOLUTIO	metering materials	\$1,404.03
Water Fund	Water Utility Operation	Utility Maint Materials	TEAM LABORATORY CHEM. CORP.	WW treatment supplies	\$1,943.50
Fund 601 Water Fund					\$5,339.86
Fund 602 Sewer Fund					
Sewer Fund	Sewer Operation	Electric Utilities	HARMONY PUBLIC UTILITIES	WWTP-Elec	\$1,037.52
Sewer Fund	Sewer Operation	Gas Utilities	MINNESOTA ENERGY	monthly gas service-WWTP	\$519.73
Sewer Fund	Sewer Operation	Motor Fuels/Lubricants	KWIK TRIP, INC	gas-Chris pickup	\$60.35
Sewer Fund	Sewer Operation	Motor Fuels/Lubricants	SEVERSON OIL CO.	gas-chis' pickup	\$31.42
Sewer Fund	Sewer Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	WW pumps check	\$145.54
Sewer Fund	Sewer Operation	Sewer Utilities	HARMONY PUBLIC UTILITIES	WWTP-sewer	\$1,788.65
Sewer Fund	Sewer Operation	Small Tools and Minor Equip	SOLBERG WELDING	tubing	\$50.90
Sewer Fund	Sewer Operation	Small Tools and Minor Equip	SOLBERG WELDING	tubing	\$10.28
Sewer Fund	Sewer Operation	Small Tools and Minor Equip	TEAM LABORATORY CHEM. CORP.	spray marking paint	\$54.50
Sewer Fund	Sewer Operation	Telephone	HARMONY TELEPHONE COMPANY	Lift Stations Dialer/DSL Phone	\$162.36
Sewer Fund	Sewer Operation	Water Utilities	HARMONY PUBLIC UTILITIES	WWTP-water	\$1,789.18
Fund 602 Sewer Fund					\$5,650.43
Fund 604 Electric Fund					
Electric Fund		Utility Deposits	UTILITY DEPOSIT REFUND	Deposit to Utility bill Renee Vrieze	\$150.00
Electric Fund		Utility Deposits	UTILITY DEPOSIT REFUND	Deposit to Utility Bill Matt Brown	\$150.00
Electric Fund	Electric Utility Operation	Electric Power for Resale	MI ENERGY COOPERATIVE	Power for Resale	\$80,443.50
Electric Fund	Electric Utility Operation	Electric Utilities	HARMONY PUBLIC UTILITIES	streetlighting	\$1,530.65

**CITY OF HARMONY**  
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Fund Descr	Department	Object of Expense	Vendor	Comments	Amount	
Electric Fund	Electric Utility Operation	Electric Utilities	HARMONY PUBLIC UTILITIES	Elec-town clock	\$12.72	
Electric Fund	Electric Utility Operation	General Operating Supplies	KINGSLEY MERCANTILE	D batteries	\$10.99	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	GOPHER STATE ONE CALL, INC	locates/no locates	\$41.85	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MI ENERGY COOPERATIVE	blown fuse due to trees	\$786.21	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	repair underground @ Golf Club	\$254.69	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	re-do Conduits by Run Right	\$567.38	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	repair damaged conduit 55 Main S	\$490.55	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	pour bases & replace conduit on Main Ave	\$14,270.95	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	repair conduit for street light 445 Main Av	\$881.62	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	repair service conduit 240 2nd St NE	\$346.44	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	temp connection Roch Sand & Gravel	\$68.09	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	bad meter socket 30 3rd Av SW	\$97.86	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	MOREM ELECTRIC, INC	move lamp bases hwy 139 & lower condui	\$1,711.00	
Electric Fund	Electric Utility Operation	Repair/Maint Other Improve	NORBY TREE SERVICE LLC	tree removal in power lines	\$500.00	
Fund 604 Electric Fund					\$102,314.50	
Fund 620 Economic Development Authority						
	Economic Development	Economic Development	Telephone	HARMONY TELEPHONE COMPANY	EDA Phone	\$17.62
Fund 620 Economic Development Authority					\$17.62	
					\$335,410.76	

# **ADMINISTRATOR'S REPORT**

## **For the Period from July 11, 2017 to August 8, 2017**

### ADMINISTRATION

Have begun 2018 budget.

Have been working with MNDOT and Harmony Historical Society to get the approvals necessary for the installation of the historical sign project that they received a grant for. Process has taken longer than anticipated. Have submitted letter to MNDOT on behalf of Harmony Historical Society requesting installation of signs within right-of-way.

Administered annual workers compensation audit. Currently working with auditor regarding ambulance administration payroll being at lower class rate.

Handled ISO rating. The field representative met with utility staff and fire chief to review records. Have not received report yet.

Assembling information for Well #3 DNR appropriation permit. Will need to update Wellhead Protection Plan for this well. Will need to do a water supply plan that needs to be submitted by October 10, 2017.

Administered planning and zoning information for a solar ordinance. Recommendation will be presented at August meeting for approval.

Contracts have been signed for Hammel House development project. A pre-construction meeting will be scheduled.

Met with David Drown to discuss financing 2017 Street and Utility Project. Proposal to be considered at council meeting.

### UTILITY/BUILDING COMMITTEE

Administered between school and committee the storage and maintenance facility. Based upon council approval, City Attorney is preparing paperwork for transaction, once survey is complete.

The contractor has water and sewer installed in 2 of the 3 areas for our 2017 Street and Utility Project. They have begun to install water and sewer in the 3<sup>rd</sup> area.

MNDOT is finishing up mill and overlay on TH139 from Hwy 52 to State Line in 2017. They will also be replacing some sidewalks along TH139 to make them ADA compliant. The project is on track with final completion on August 16, 2017.

Information has been sent to USDA to close out grant with USDA for generator project.

### PERSONNEL COMMITTEE

Conducted interviews for additional maintenance worker. A conditional offer was presented pending full council approval.

Awaiting proposal from union for new contract.

**City of Harmony**  
**Cash Balance Report**  
**June 2016 and June 2017**

<b>Fund Description</b>	<b>June-16</b>	<b>June-17</b>
General Fund	692,264.24	597,517.27
Revolving Loan Fund	75,557.74	27,006.29
Commercial Rehab Fund	(6,871.19)	2,711.71
Library Fund	(967.14)	(38,696.88)
Fire Fund	67,372.46	53,637.31
Ambulance Fund	155,580.52	14,747.24
Park Fund	59,862.89	40,526.60
Arts Fund	2,505.08	724.39
GO Improvement 2010A-3rd St SW	47,173.71	32,958.29
GO Tax Abatement 2013A-Comm Cntr	21,551.31	2,463.52
GO Improvement 2013B-Heritage Grove	10,574.61	(5,842.60)
GO Improvement 2014A-1st Ave SW	129,716.41	109,786.17
Capital Projects Fund	537,718.03	646,553.24
TIF District #5-Antique Mall	6,158.80	125.29
TIF District #6-HECO	2,782.20	179.42
First Ave SW Project	-	-
Well No. 3 Project	-	-
2017 Street and Utility Project		(66,551.45)
Water Fund	(358,198.80)	203,045.08
Sewer Fund	(53,647.78)	34,111.89
Solid Waste Fund	(8,686.41)	4,260.98
Electric Fund	670,748.33	562,913.39
Storm Water Fund	2,889.20	7,733.21
Economic Development Fund	82,028.70	39,570.76
<b>Total</b>	<b>2,136,112.91</b>	<b>2,269,481.12</b>



Minnesota Energy Assistance Program FFY 2018

# Agreement Between Energy Vendor and Service Provider

\_\_\_\_\_(energy supplier), \_\_\_\_\_(address), and successor home energy providers, hereafter referred to as "the energy vendor", hereby agrees to cooperate with **Semcac**, hereafter referred to as "the Service Provider", and the Minnesota Department of Commerce (COMM), Energy Assistance Programs, hereafter referred to as "the State" to deliver the Minnesota Energy Assistance Program for Federal Fiscal Year 2018 (FFY 2018), October 1, 2017 through September 30, 2018.

## I. The energy vendor and the Service Provider will:

1. Follow Energy Assistance Program (EAP) policies and procedures in the *EAP Policy Manual* (in particular Chapter 3).
2. Maintain accurate client and consumption information.
3. Comply with the MN Government Data Practices Act (MGDPA), MN Stat. Ch. 13, as it applies to all data provided by the energy vendor, the State, or its contractors under this agreement and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the energy vendor or the Service Provider, in performing the duties under this agreement. To administer this program, the energy vendor and the service provider utilize a secure database with private information on individuals protected under the MGDPA. The energy vendor and Service Provider agree to not release any private data, including from the database, to any third party without written authorization from the subject of the data. By signing the application, applicants consent to the use of their private information for purposes of this agreement.
4. Use information obtained from energy vendor, the State, or its contractors for the sole purpose of performing responsibilities and duties for energy programs run by the State. Further, Service Provider and energy vendor shall implement and maintain appropriate and reasonable administrative, technical and physical safeguards to protect such information from accidental or unauthorized access, use, disclosure, and loss or destruction.
5. Negotiate for continuation or reconnection of service to households determined eligible for EAP benefits.
6. Establish a dispute resolution process to resolve issues arising during the term of this agreement.
7. Collaborate and do everything possible to ensure the customer has continuous access to home heating.
8. Minimize the risks of a customer's home energy crisis through the use of the EAP benefits.
9. Encourage regular payments from the household.
10. Collaborate to reduce home energy costs.
11. Work together to ensure EAP payments are appropriately applied to accounts and used for EAP services as designated by the Service Provider.

## II. The Service Provider will:

1. Determine customer eligibility.
2. Provide new and existing energy vendors with information about the eHEAT software system.
  - Encourage all energy vendors to become an eHEAT user, allowing them access to eligibility and benefit data "online".
  - Provide necessary and/or ongoing training to energy vendors using eHEAT.
3. Make authorization through eHEAT, telephone, fax or electronic communication of payments for:
  - Electricity, heating sources and delivery of fuel.
  - Continuation or reconnection of connected utilities.
  - Fees including: service deposits, pressure tests, line bleeding, tank setting, tank rental, membership, if applicable.
  - Removal from load limiters.
  - Due and past due amounts for electricity and heating fuels.
4. Maintain customer authorizations for exchange of private data between the Service Provider and the energy vendor.
5. Enter account number into eHEAT in the format supplied by the energy vendor.

## III. The energy vendor will:

1. Ensure EAP eligible households are not treated adversely compared to other households. Oil and propane dealers are required to comply with the Discrimination Prohibition in Minn. Stat. §325E.027. In addition, propane dealers are required to comply with the following: Price and Fee Disclosure, Budget Payment Plan, Propane Purchase Contracts, and Terms of Sale in Minn. Stat. §§216B.0992 - .0995.
2. Supply account number format to the Service Provider.
3. Upon request, provide a written price list of normal & customary services for home energy costs including but not limited to:
 

<ul style="list-style-type: none"> <li>▪ Leak seek and pressure tests</li> <li>▪ Bleeding lines</li> <li>▪ Tank setting</li> <li>▪ Service deposits</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reconnection fees</li> <li>▪ Membership fees</li> <li>▪ Minimum delivery requirements and costs</li> <li>▪ Emergency fuel and after hours delivery costs</li> </ul>
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4. When possible deliver remaining EAP benefit before September 30, 2018.
5. Timely provide at the request of the customer, the Service Provider or the State, information on applicant households' home energy costs, dwelling consumption data, delivery dates, bill payment history, arrearage history or post-delivery information. This information will be provided in the format requested.
6. Provide dwelling consumption data within 5 business days of the request in eHEAT.
7. Respond promptly to consumption requests for crisis situations.

8. Register with the State to receive EAP payments.
9. Use the warrant or EFT date as the EAP payment date.
10. Apply all EAP payments to the households account within 5 business days of receipt of payment.
11. Apply EAP payments to the household's energy costs before applying other energy payments.
12. Accept all customer payments.
13. Use EAP funds to pay for home energy costs, including fuel and other routine and required services as designated by the Service Provider. Expenses such as service contracts, water, sewer, garbage, cable, internet, telephone, gasoline, machine parts, engine oil, etc. cannot be paid with EAP funds.
14. Continue service, reconnect or deliver fuel to households as negotiated by the Service Provider on behalf of the household.
15. When addressing household energy emergencies, when possible, accept eHEAT payment status of "Payable" for payment. When eHEAT is not available, accept early notification authorization by telephone, fax or electronic communication for delivery of fuel, continuation or reconnection of connected utilities, or service deposits, and removal from load limiters.
16. Accept a household application status in eHEAT of "approved" as income eligibility validation for EAP.
17. Report dangerous heating or fuel delivery situations for EAP households to the Service Provider.
18. Process and refund to the State any refunds requested by the Service Provider within 10 business days.
19. Process and refund to the State all credits attributable to EAP payments remaining on a customer's account within 10 business days after a client ceases to be a customer.
20. Notify the Service Provider or State if there is reason to believe EAP funds have been misused as described in the EAP Policy Manual.
21. Allow the Service Provider or State access to fiscal records of EAP transactions for audit purposes for period of three (3) years after payment.
22. Complete and return the *Vendor Monitoring Report* and the *EAP Leveraging Report*, when requested.
23. Use eHEAT when possible to administer EAP program business, including but not limited to:
  - Providing consumption
  - Maintaining energy vendor account numbers
  - Monitoring eligibility and payments
  - Recording refunds
24. Implement and maintain eHEAT database security policies by:
  - Limiting access to authorized personnel only
  - Ensuring each user is assigned a unique user ID
  - Ensuring email addresses associated with each user ID are current
  - Disabling users immediately upon termination of their role in the service delivery of EAP
  - Disabling users who are on a temporary leave of absence, extended vacation, etc.

IV. Either party to this agreement may terminate it at any time, with or without cause, upon thirty days written notice to each other and the State.

V. Signatures:

<b>Energy Vendor:</b>		
Authorized Energy Vendor Representative:		
Please Print Name _____	Signature _____	Date _____
<b>Company Contact Person:</b>		
Please Print Name _____	(_____) _____	(_____) _____
	Telephone	Fax
(_____) _____	_____	
24 hour emergency number to address after hours emergencies	E-mail address	

<b>EAP Service Provider:</b>		
Authorized Service Provider Representative:		
Shelly Nelson or Susan Thompson Please Print Name	 Signature	 Date
<b>Energy Assistance Coordinator:</b>		
Susan Thompson _____ Please Print Name	(507) 864-7515 or 1-800-944-328 Telephone	(507) 864 - 2597 Fax
(855)- 529 - 5211 24 hour emergency number	shelly.nelson@semcac.org OR susan.thompson@semcac.org E-mail address	

MINUTES  
HARMONY PLANNING & ZONING COMMISSION  
Special Meeting

July 25, 2017  
7:00 P.M.

Council Room  
Community Center

The regular meeting was called to order by Lynn Mensink at 7:00 p.m.

Present: Erik Olson, Lynn Mensink, Miles Petree, Jim Strozyk

Absent: Deb Swenson

Also attending: Jerome Illg, Greg Schieber

Solar Energy Ordinance

The draft solar ordinance was reviewed based upon the discussions at the last meeting. An overview of the solar ordinance was given by Attorney Schieber. The important highlights were discussed. Motion by Strozyk, seconded by Petree to recommend to the city council the approval of solar ordinance as presented. Motion carried.

There being no further business the meeting was adjourned by Olson, seconded by Mensink at 7:30 p.m.

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Lynn Mensink, Zoning Board Member

A T T E S T

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Jerome Illg, Zoning Administrator

# SOLAR ORDINANCE

## I. Scope

This ordinance applies to all solar energy installations in the City of Harmony.

## II. Purpose

The City of Harmony has adopted this regulation for the following purposes:

- To preserve the health, safety and welfare of the Community's citizens by promoting the safe, effective and efficient use of active solar energy systems installed to reduce the on-site consumption of fossil fuels or utility-supplied electric energy.
- Harmony finds that it is in the public interest to encourage the use and development of renewable energy systems (including solar energy systems) that have a positive impact on energy conservation with limited adverse impact on nearby properties. As such, the city supports the use of solar collection systems.
- Harmony also finds that the development of solar energy systems should be balanced with the protection of the public health, safety and welfare. The city intends the following standards to ensure that solar energy systems can be constructed within Harmony while also protecting public safety and the natural resources of the city.
- It is the intent of the city with this section to create standards for the reasonable capture and use, by households, businesses and property owners, of their solar energy resource.

## III. Definitions

**Active Solar Energy System:** A solar energy system whose primary purpose is to harvest energy by transforming solar energy into another form of energy or transferring heat from a collector to another medium using mechanical, electrical, or chemical means.

**Building-integrated Solar Energy Systems:** An active solar energy system that is an integral part of a principal or accessory building, rather than a separate mechanical device, replacing or substituting for an architectural or structural component of the building. Building-integrated systems include but are not limited to photovoltaic or hot water solar energy systems that are contained within roofing materials, windows, skylights, and awnings.

**Flat Roof:** Any roof with a pitch of 3/12 or less as calculated by the rise over the run.

**Flush-Mounted Solar Energy System:** A roof-mounted system mounted directly abutting the roof and sloped at the same pitch as the roof.



**Grid-intertie Solar Energy System:** A photovoltaic solar energy system that is connected to an electric circuit served by an electric utility company.

**Off-grid Solar Energy System:** A photovoltaic solar energy system in which the circuits energized by the solar energy system are not electrically connected in any way to electric circuits that are served by an electric utility company.

**Passive Solar Energy System:** A solar energy system that captures solar light or heat without transforming it to another form of energy or transferring the energy via a heat exchanger.

**Photovoltaic System:** An active solar energy system that converts solar energy directly into electricity.

**Renewable Energy Easement, Solar Energy Easement:** An easement that limits the height or location, or both, of permissible development on the burdened land in terms of a structure or vegetation, or both, for the purpose of providing access for the benefited land to wind or sunlight passing over the burdened land.

**Roof Pitch:** The final exterior slope of a building roof calculated by the rise over the run, typically but not exclusively expressed in twelfths such as 3/12, 9/12, 12/12.

**Side Mount Solar Energy System (or Building Mount):** A solar collector or series of solar collectors attached to the sidewalls of a structure as opposed to the roof or ground.

**Solar Access:** Unobstructed access to the solar resource (see definition below) on a lot or building, including access across adjacent parcel air rights, for the purpose of capturing direct sunlight to operate a solar energy system.

**Solar Resource:** A view of the sun from a specific point on a lot or building that is not obscured by any vegetation, building, or object for a minimum of four hours between the hours of 9:00 AM and 3:00 PM Standard time on any day of the year.

**Solar Collector:** A device, structure or a part of a device or structure for which the primary purpose is to transform solar radiant energy into thermal, mechanical, chemical, or electrical energy.

**Solar Collector Surface:** Any part of a solar collector that absorbs solar energy for use in the collector's energy transformation process. Collector surface does not include frames, supports and mounting hardware.

**Solar Energy:** Radiant energy received from the sun that can be collected in the form of heat or light by a solar collector.

**Solar Energy Device:** A system or series of mechanisms designed primarily to provide heating, cooling, electrical power, mechanical power, solar daylighting or to provide any combination of the foregoing by

means of collecting and transferring solar generated energy into such uses either by active or passive means. Such systems may also have the capability of storing such energy for future utilization. Passive solar energy systems shall clearly be designed as a solar energy device such as a trombe wall and not merely a part of a normal structure such as a window.

**Solar Energy System:** A device or structural design feature, a substantial purpose of which is to provide daylight for interior lighting or provide for the collection, storage and distribution of solar energy for space heating or cooling, electricity generating, or water heating.

**Solar Mounting Devices (or mounting device):** Racking, frames, or other devices that allow the mounting of a solar collector onto a roof surface or the ground.

#### **IV. Permitted Accessory Use**

Active solar energy systems shall be allowed as an accessory use in all zoning classifications where structures of any sort are allowed, subject to certain requirements as set forth below. Passive solar energy systems shall be exempt from the requirements of this ordinance, and instead shall be regulated as any other building element.

##### **A. Location**

Active solar energy systems must meet the following location requirements:

1. Roof-mounted or side-mounted Solar energy systems shall be permitted on any roof surface or building side, including surfaces facing front yards, as long as all other requirements of this ordinance are met.
2. Ground-mounted Solar energy systems shall be permitted in rear yards in all residential zoning districts. Ground-mounted Solar energy systems shall be permitted in any yard in Industrial, Commercial, and Agricultural Districts. Active solar energy systems shall not be ground-mounted within any easement or right-of-way held by the City of Harmony or other public entity.

##### **B. Height**

Active solar energy systems must meet the following height requirements:

1. Building- or roof-mounted solar energy systems shall not exceed the maximum allowed height in any zoning district. Roof-mount systems shall be no steeper than roof pitch flush-mount panels, and shall be no higher than twelve (12) inches above the roof, except on a Flat Roof, in which event solar panels shall be bracket mounted at no more than three feet above the surface of the roof, along with a three-foot clearance around all roof edges.

2. Side-mounted solar energy systems shall not exceed the maximum allowed height in any zoning district.
3. Ground- or pole-mounted solar energy systems shall not exceed 15 feet in height when oriented at maximum tilt.

### C. Set-back

Active solar energy systems must meet the accessory structure setback for the zoning district and primary land use associated with the lot on which the system is located.

1. **Roof-mounted Solar energy systems:** In addition to the building setback, the collector surface and mounting devices for roof-mounted solar energy systems shall not extend beyond the exterior perimeter of the building on which the system is mounted or built. Exterior piping for solar hot water systems shall be allowed to extend beyond the perimeter of the building on a side yard exposure.
2. **Side-mounted Solar energy systems:** The collector surface and mounting devices for side-mounted solar energy systems shall not extend beyond the building setbacks, except in a commercial district where the building setback is 0 feet and the applicant has obtained an easement from the adjoining property owner for installation of the solar energy system.
3. **Ground-mounted Solar energy systems:** Ground-mounted solar energy systems may not extend into the front, side, or rear setback as applicable when oriented at minimum design tilt.

### D. Visibility

Active solar energy systems shall be designed to blend into the architecture of the building or be screened from routine view from public right-of-ways other than alleys. The color of the solar collector is not required to be consistent with other roofing materials.

1. **Building-integrated Solar Energy Systems:** Building-integrated photovoltaic solar energy systems shall be allowed regardless of whether the system is visible from the public right-of-way, provided the building component in which the system is integrated meets all required setback, land use or performance standards for the district in which the building is located.
2. **Solar Energy Systems with Mounting Devices:** Ground-mount systems in residentially zoned districts shall not be visible from the public right of way, excluding alleys.

### E. Coverage

1. **Flush-mounted Solar energy systems** may cover the entire roof surface.
2. **Solar energy systems mounted on a flat roof** may cover the entire roof surface, except the outer edges as provided in section IV(B)(1).
3. **Side-mounted Solar energy systems**, excluding Building-integrated solar energy systems, may cover up to 75% of the available building side surface area.

4. **Ground-mounted Solar energy systems** shall not exceed 50% of the total square footage of the backyard in a residential district or 50% of the total lot surface area in a commercial, industrial, or agricultural zoning district.

#### F. Approved Solar Components

Electric solar energy system components must have a UL listing and solar hot water systems must have an SRCC rating.

#### G. Plan Approval Required

All solar energy system installations or alterations shall require administrative plan approval by the City of Harmony zoning official and issuance of a solar permit. Such permits shall be acquired prior to commencement of any installation activity. No system permit shall be issued for a system not in conformity with the regulations applicable to such system.

1. **Plan Applications:** Plan applications for solar energy systems shall be accompanied by to-scale horizontal and vertical (elevation) drawings. The drawings must show the location of the system on the building or on the property for a ground-mount system, including the property lines.
  - a. **Pitched Roof Mounted Solar Energy Systems.** For all roof-mounted systems other than a flat roof the elevation must show the highest finished slope of solar collector and the slope of the finished roof surface on which it is mounted.
  - b. **Flat Roof Mounted Solar Energy Systems.** For flat roof applications, a drawing shall be submitted showing the distance to the roof edge and any parapets on the building and shall identify the height of the building on the street frontage side, the shortest distance of the system from the street frontage edge of the building, and the highest finished height of the solar collector above the finished surface of the roof.
2. **Utility Connection:** All grid-connected systems shall have a completed, written interconnection agreement with the local utility prior to application for plan approval. The agreement shall be submitted with the plan application.
3. **Fees:** An application for a solar permit shall be accompanied by the fee as specified in the City fee schedule. No application will be considered unless and until the required fee has been paid by the applicant to the City.
4. **Plan Approvals:** Applications that meet the design requirements of this ordinance, and do not require an administrative variance, shall be granted administrative approval by the zoning official and shall not require Planning Commission review. Plan approval does not indicate compliance with Building Code or Electrical Code.
5. **Duration:** Any permit issued under this Section shall be valid for a period of 12 months from the date of issuance. If the construction of the system is not completed within 12 months from the date of its issuance, the system permit shall be void, and the site or which the permit was sought shall be returned to the condition it was prior to the issuance of such system permit.

## H. Compliance with Codes

1. **Building Code:** All active solar energy systems shall meet approval of local building code officials, consistent with the State of Minnesota Building Code, and solar thermal systems shall comply with HVAC-related requirements of the Energy Code.
2. **State Electrical Code:** All photovoltaic systems shall comply with the Minnesota State Electrical Code.
3. **State Plumbing Code:** Solar thermal systems shall comply with applicable Minnesota State Plumbing Code requirements.

## I. Utility Notification

All grid-intertie solar energy systems shall comply with the interconnection requirements of the electric utility. Off-grid systems are exempt from this requirement.

## V. Principal Use by Conditional Use Permit Only

**A. Residential:** Solar Energy Systems shall not be allowed as a principal use in any residentially zoned district.

**B. Commercial, Industrial, & Agricultural:** Solar Energy Systems may be allowed as a principal use in a commercial, industrial, or agriculturally zoned district by Conditional Use Permit only. An applicant must convincingly demonstrate their proposed installation will meet the following criteria before the City Council may grant a conditional use permit allowing the installation of solar panels on a lot as a principal use.

1. The proposed installation site is not likely to be developed for commercial, industrial, or residential use in the next 30 years when taking into account:
  - a. Historic development trends in the City;
  - b. Current development trends in the City;
  - c. The location of the property in question compared to other property within the City boundary with development potential; and
  - d. Any physical or economic barriers that would make future residential, commercial, or industrial development cost prohibitive.
2. The absence of public infrastructure previously installed at taxpayer expense to facilitate future development for the proposed installation site.

## C. Conditions

1. If the Section V.B. criteria are found to be met, the City Council may grant the permit with conditions relating to the following design elements:
  - a. Size of the Solar Energy System;
  - b. Exact location of the Solar Energy System;
  - c. Required setbacks;

- d. Height; and
- e. Any other conditions necessary to protect the health, safety, and general welfare of the City and its residents and businesses.

## **VI. Restrictions on Solar Energy Systems Limited**

No homeowners' agreement, covenant, common interest community, or other contract between multiple property owners within a subdivision of the City of Harmony shall restrict or limit solar energy systems to a greater extent than the City of Harmony's solar energy standards.

## **VII. Solar Access**

The City of Harmony encourages solar access to be protected in all new subdivisions and allows for existing solar to be protected consistent with Minnesota Statutes.

### **A. Solar Easements Allowed**

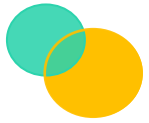
The City of Harmony has elected to allow solar easements to be filed, consistent with Minnesota Stat. Chapter 500 Section 30. Any building owner can purchase an easement across neighboring properties to protect access to sunlight. The easement is purchased from or granted by owners of neighboring properties and can apply to buildings, trees, or other structures that would diminish solar access.

### **B. Easements within Subdivision Process**

The City of Harmony may require new subdivisions to identify and create solar easements when solar energy systems are implemented as a condition of a PUD, subdivision, conditional use, or other permit, as specified in Section 8 of this ordinance.

## **VIII. Abandonment**

If the solar energy system remains nonfunctional or inoperative for a continuous period of one year, the system shall be deemed to be abandoned and shall constitute a public nuisance. The owner shall remove the abandoned system at their expense after all necessary approvals and permits have been obtained. Removal includes the entire structure including transmission equipment.



July 12, 2017

**RECOMMENDATIONS**

VIA EMAIL

City of Harmony  
 Steve Donney, Mayor  
 Jerome Illg, City Administrator  
 PO Box 488  
 Harmony, MN 55939

**RE: General Obligation Improvement & Utility Revenue Note, Series 2017A**

Honorable Mayor Donney, Members of the City Council, and Mr. Illg:

This letter outlines our recommendations for the structure and sale of General Obligation Bonds associated with the City's 2017 street and utility project.

**Statutory Authority**

Cities must cite the specific statutory authority they intend to use before issuing general obligation bonds. In this instance, we recommend utilizing two separate pieces of statutory authority.

The first authority is provided in Minnesota Statutes Chapter 429 (\$935,000 of the total issue). This type of debt is often times referred to as "improvement bonds" or "special assessment bonds". This authority requires that at least 20% of costs be specially assessed to benefitting property owners after adhering to a stringent public hearing proces. The good news is that this type of debt does not count against the City's net debt limits and is not subject to any sort of protest petition (folks can challenge their assessment, however).

The second authority is provided in Minnesota Statutes Chapter 444 (\$100,000 of the total issue). This type of debt is referred to as "utility revenue bonds". No public hearings are required, the debt does not count against the net debt limits of the City and is not subject to any sort of challenges. The only requirement is that the City agree to set utility rates and charges sufficient to meet the revenue requirements of the issue.....no tax levies for this portion of the debt.

**Overview of Project and Component Costs**

The major component costs and sources of funds are detailed below:

Construction, Engineering, Contingency	<u>1,019,000</u>
<b>TOTAL CAPITAL COSTS</b>	<b>\$1,019,000</b>
Plus Issuance Expenses	15,340
Plus Surplus Funds	<u>660</u>
<b>RECOMMENDED SIZE OF BOND ISSUE:</b>	<b>\$1,035,000</b>

**Payment and Revenue Requirements**

The City will pledge tax levies and special assessment revenue to the payment of the street portion of this Note. Assuming the City certifies assessments in the amount of \$275,000 (to be collected over 10 years, 1 point higher than the borrowing rate), annual assessment revenue is calculated at about \$35,600 per year. The City will need to levy an average of \$81,100 for the difference commencing with taxes payable 2018.

The City will pledge water revenues to the utility portion of this Note. The Water Fund will need to contribute an average of \$12,500 annually to the payments.

**Bond Sale Method and Other Items**

Included with this letter of recommendations is an already-approved MIDI Loan (bond issue) issued via MN Rural Water Association. I have taken the liberty to secure this proposal with the understanding that if the Council rejects the proposal it will do so without cost or obligation. We can look at other options if that turns out to be the case. However, I believe the MIDI Loan Program is an ideal method for selling these bonds. The program results in payments quite similar to a rated, conventional bond sale but is much quicker, less burdensome, has more flexible prepayment options and comes with much lower issuance costs. Please see attached comparison of a hypothetical A-rated conventional sale compared to this proposal.

Other recommended key elements of this financing would be:

- Approximately 10-year term, which is consistent with the City’s presentation at the improvement hearing and is a suitable term for street improvements.
- Callable on payment dates commencing with 8/1/2018, with a 1% penalty through 2/1/2023 (\$200 processing fee for partial prepayments). A conventionally sold bond might not be callable at all for 7 to 8 years. This is a nice feature if we get a slug of prepaid assessments.

**Other Options Considered**

In addition to the recommended use of MN Rural Water Association’s MIDI Loan as noted above, we considered other options before coming to this conclusion. For instance, we looked at intergovernmental funding options (USDA, PFA, etc.). These options were discarded for a variety of factors including, but not limited to:

- Eligibility of programs
- Application process, time delays and uncertainty of funding
- Pricing
- Additional administrative, legal costs & ongoing reporting burdens

**Schedule & Issuance**

The proposed schedule for putting the project financing in place is as follows:

August 8, 2017	Award Sale of Bond Issue
September 1, 2017	Closing

We believe these recommendations are suitable and advise that the City Council approve the proposal via a Sales Resolution that the City’s bond attorney will prepare. Please note, I am unavailable to present this proposal on August 8th as I will be out of state at that time. But it is important the City obtain funds in a timely fashion so they are available for contractor payments. The City Administrator feels comfortable with presenting this material. However, I would be more than happy to speak with anyone prior to that meeting to answer questions and concerns in advance.

It continues to be a pleasure to serve the City of Harmony!

Yours truly,



Mike Bubany, Associate  
David Drown Associates, Inc.

Enc.



City of Harmony, Minnesota

\$1,035,000

General Obligation Improvement & Utility Revenue Note, Series 2017A

Minnesota Rural Water Association "MIDI-Loan"

7/12/2017

FINAL



**Uses of Funds**

Improvement Portion	919,000.00
Utility Portion (water)	100,000.00
<b>Total Project Costs</b>	<b>1,019,000.00</b>
Capitalized Interest	-
MN Rural Water Loan Fees	15,340.00
Other costs	-
Surplus	660.00
	<u>1,035,000.00</u>

**Sources of Funds**

<b>Bond Issue</b>	<b>1,035,000.00</b>
Cash	-
	<u>1,035,000.00</u>

**Closing Allocations**

Purchaser: First Independent Bank, Russell, Minnesota

Proceeds wired to

Construction Fund (Net of Cash)	919,000.00
Debt Service Fund	660.00
<b>Total to Issuer &gt;&gt;</b>	<b>1,019,660.00</b>

Proceeds wired to Pay Agent for Costs

David Drown Associates, Inc. (FA)	10,740.00
Briggs & Morgan (Bond Counsel)	3,600.00
Pay Agent -- None	-
MN Rural Water Ass'n (Sponsor)	1,000.00
<b>Total for Expenses &gt;&gt;</b>	<b>15,340.00</b>

**Calendar**

Application Received	6/30/2017
City Council approves Sales Resolution	8/8/2017
Dated Date / Closing Date	9/1/2017
1st Interest Payment	8/1/2018
Proceeds spent by...	12/31/2018

**Statistics**

Purchase Price (Issue Price)	1,035,000.00
Net Interest Cost	196,122.63
Net Effective Rate	3.050%
Average Coupon	3.050%
IRS Yield	3.04687%
WAM	6.2128
Call Option	Any prmt date on or after 8/1/2018 at par (\$200 fee), plus 1% charge thru 2/1/2023
Tax Status	Tax Exempt, Bank Qualified
Rebate	\$5 million small issuer exemption
Continuing Disclosure	none -- audits upon request
Statutory Authority	M.S. Chapter 429, 444, 475

**How to make payments**

Payments are made directly to First Independent Bank, Russell, Minnesota. The lender will provide you with notice of pending payments prior to each scheduled payment. Generally, you should mail payments at least 3 days early - wired funds can be transferred on the date payment is due. Payment questions? Contact the lender at 507-823-4391.

City of Harmony, Minnesota

\$1,035,000

General Obligation Improvement & Utility Revenue Note, Series 2017A

PAYMENT SCHEDULE AND CASHFLOW

7/12/2017

FINAL



MASTER CASH FLOW

<i>Note Payments</i>							<i>Budget Revenues</i>				<i>D/S Fund Balance</i>	
Payment Date	Principal	Rate	Interest	Payment Total	Annual plus 5%	Pay Agent	Budget Year	Special Assessments*	Tax Levies	Water Revenues	Surplus (deficit)	Account Balance
9/1/2017												
8/1/2018			28,937	<b>28,936.88</b>								
2/1/2019	79,000	3.050%	15,784	<b>94,783.75</b>	129,907	-	2018	35,614	80,696	12,937	-660	0
8/1/2019			14,579	<b>14,579.00</b>								
2/1/2020	94,000	3.050%	14,579	<b>108,579.00</b>	129,316	-	2019	35,614	81,306	12,396	0	0
8/1/2020			13,146	<b>13,145.50</b>								
2/1/2021	97,000	3.050%	13,146	<b>110,145.50</b>	129,456	-	2020	35,614	81,734	12,108	0	0
8/1/2021			11,666	<b>11,666.25</b>								
2/1/2022	100,000	3.050%	11,666	<b>111,666.25</b>	129,499	-	2021	35,614	81,016	12,870	0	0
8/1/2022			10,141	<b>10,141.25</b>								
2/1/2023	103,000	3.050%	10,141	<b>113,141.25</b>	129,447	-	2022	35,614	81,283	12,550	0	0
8/1/2023			8,571	<b>8,570.50</b>								
2/1/2024	106,000	3.050%	8,571	<b>114,570.50</b>	129,298	-	2023	35,614	81,455	12,229	0	0
8/1/2024			6,954	<b>6,954.00</b>								
2/1/2025	110,000	3.050%	6,954	<b>116,954.00</b>	130,103	-	2024	35,614	81,531	12,959	0	0
8/1/2025			5,277	<b>5,276.50</b>								
2/1/2026	112,000	3.050%	5,277	<b>117,276.50</b>	128,681	-	2025	35,614	80,460	12,607	0	0
8/1/2026			3,569	<b>3,568.50</b>								
2/1/2027	116,000	3.050%	3,569	<b>119,568.50</b>	129,294	-	2026	35,614	81,426	12,255	0	0
8/1/2027			1,800	<b>1,799.50</b>								
2/1/2028	118,000	3.050%	1,800	<b>119,799.50</b>	127,679	-	2027	35,614	80,163	11,902	0	0
	<b>1,035,000</b>		<b>196,123</b>	<b>1,231,122.63</b>	<b>1,292,679</b>	<b>-</b>		<b>356,138</b>	<b>811,068</b>	<b>124,813</b>	<b>(660)</b>	

\* \$275,000 @ 5% over 10 years commencing Pay 2018

City of Harmony, Minnesota

\$1,035,000

General Obligation Improvement & Utility Revenue Note, Series 2017A

7/12/2017

FINAL



PAYMENT SCHEDULE AND CASHFLOW

Improvement Portion

919,000	Project Costs
15,340	Issuance Costs
660	Rounding
935,000	Borrowing Amount

<i>Note Payments</i>				<i>Budget Revenues</i>				<i>D/S Fund Balance</i>				
Payment Date	Principal	Rate	Interest	Payment Total	Annual plus 5%	Pay Agent	Budget Year	Special Assessments*	Tax Levies	Water Revenues	Surplus (deficit)	Account Balance
9/1/2017												
8/1/2018			26,141	<b>26,141.04</b>								
2/1/2019	71,000	3.050%	14,259	<b>85,258.75</b>	116,970	-	2018	35,614	80,696	-	-660	0
8/1/2019			13,176	<b>13,176.00</b>								
2/1/2020	85,000	3.050%	13,176	<b>98,176.00</b>	116,920	-	2019	35,614	81,306	-	0	0
8/1/2020			11,880	<b>11,879.75</b>								
2/1/2021	88,000	3.050%	11,880	<b>99,879.75</b>	117,347	-	2020	35,614	81,734	-	0	0
8/1/2021			10,538	<b>10,537.75</b>								
2/1/2022	90,000	3.050%	10,538	<b>100,537.75</b>	116,629	-	2021	35,614	81,016	-	0	0
8/1/2022			9,165	<b>9,165.25</b>								
2/1/2023	93,000	3.050%	9,165	<b>102,165.25</b>	116,897	-	2022	35,614	81,283	-	0	0
8/1/2023			7,747	<b>7,747.00</b>								
2/1/2024	96,000	3.050%	7,747	<b>103,747.00</b>	117,069	-	2023	35,614	81,455	-	0	0
8/1/2024			6,283	<b>6,283.00</b>								
2/1/2025	99,000	3.050%	6,283	<b>105,283.00</b>	117,144	-	2024	35,614	81,531	-	0	0
8/1/2025			4,773	<b>4,773.25</b>								
2/1/2026	101,000	3.050%	4,773	<b>105,773.25</b>	116,074	-	2025	35,614	80,460	-	0	0
8/1/2026			3,233	<b>3,233.00</b>								
2/1/2027	105,000	3.050%	3,233	<b>108,233.00</b>	117,039	-	2026	35,614	81,426	-	0	0
8/1/2027			1,632	<b>1,631.75</b>								
2/1/2028	107,000	3.050%	1,632	<b>108,631.75</b>	115,777	-	2027	35,614	80,163	-	0	0
	935,000		177,253	<b>1,112,253.29</b>	1,167,866	-		356,138	811,068	-	(660)	

\* \$275,000 @ 5% over 10 years commencing Pay 2018

City of Harmony, Minnesota

\$1,035,000

General Obligation Improvement & Utility Revenue Note, Series 2017A

PAYMENT SCHEDULE AND CASHFLOW

100,000	Project Costs
-	Issuance Costs
-	Rounding
<hr/>	
100,000	Borrowing Amount

Utility Revenue Portion  
(water)

7/12/2017

FINAL



<i>Note Payments</i>							<i>Budget Revenues</i>				<i>D/S Fund Balance</i>	
Payment Date	Principal	Rate	Interest	Payment Total	Annual plus 5%	Pay Agent	Budget Year	Special Assessments	Tax Levies	Water Revenues	Surplus (deficit)	Account Balance
9/1/2017												
8/1/2018			2,796	<b>2,795.83</b>								
2/1/2019	8,000	3.050%	1,525	<b>9,525.00</b>	12,937	-	2018	-	-	12,937	0	0
8/1/2019			1,403	<b>1,403.00</b>								
2/1/2020	9,000	3.050%	1,403	<b>10,403.00</b>	12,396	-	2019	-	-	12,396	0	0
8/1/2020			1,266	<b>1,265.75</b>								
2/1/2021	9,000	3.050%	1,266	<b>10,265.75</b>	12,108	-	2020	-	-	12,108	0	0
8/1/2021			1,129	<b>1,128.50</b>								
2/1/2022	10,000	3.050%	1,129	<b>11,128.50</b>	12,870	-	2021	-	-	12,870	0	0
8/1/2022			976	<b>976.00</b>								
2/1/2023	10,000	3.050%	976	<b>10,976.00</b>	12,550	-	2022	-	-	12,550	0	0
8/1/2023			824	<b>823.50</b>								
2/1/2024	10,000	3.050%	824	<b>10,823.50</b>	12,229	-	2023	-	-	12,229	0	0
8/1/2024			671	<b>671.00</b>								
2/1/2025	11,000	3.050%	671	<b>11,671.00</b>	12,959	-	2024	-	-	12,959	0	0
8/1/2025			503	<b>503.25</b>								
2/1/2026	11,000	3.050%	503	<b>11,503.25</b>	12,607	-	2025	-	-	12,607	0	0
8/1/2026			336	<b>335.50</b>								
2/1/2027	11,000	3.050%	336	<b>11,335.50</b>	12,255	-	2026	-	-	12,255	0	0
8/1/2027			168	<b>167.75</b>								
2/1/2028	11,000	3.050%	168	<b>11,167.75</b>	11,902	-	2027	-	-	11,902	0	0
	100,000		18,869	<b>118,869.33</b>	124,813	-		-	-	124,813	-	

EXTRACT OF MINUTES OF A MEETING  
OF THE CITY COUNCIL  
CITY OF HARMONY, MINNESOTA

HELD: AUGUST 8, 2017

Pursuant to due call, a regular or special meeting of the City Council of the City of Harmony, Fillmore County, Minnesota, was duly held at the City Hall on August 8, 2017, at 7:00 P.M., for the purpose, in part, of authorizing the issuance and awarding the sale of a \$1,035,000 General Obligation Improvement and Utility Revenue Note, Series 2017A.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A \$1,035,000 GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE NOTE, SERIES 2017A, PLEDGING FOR THE SECURITY THEREOF SPECIAL ASSESSMENTS AND NET REVENUES AND LEVYING A TAX FOR THE PAYMENT THEREOF

A. WHEREAS, the City Council of the City of Harmony, Minnesota (the "City") has heretofore determined and declared that it is necessary and expedient to issue a \$1,035,000 General Obligation Improvement and Utility Revenue Note, Series 2017A (the "Note"), pursuant to Minnesota Statutes, Chapters 429 and 475 to finance street improvements (the "Improvements") and pursuant to Minnesota Statutes, Section 444.075, to finance improvements to the municipal water system (the "Utility Improvements"); and

B. WHEREAS, the City owns and operates a municipal water utility system (the "System") as a separate revenue producing public utility; and

C. WHEREAS, the net revenues of the System are pledged to the payment of the City's outstanding \$857,100 original principal amount of General Obligation Water Revenue Note of 2015, dated December 3, 2015 (the "Outstanding Water Note"); and

D. WHEREAS, the Improvements and all their components have been ordered prior to the date hereof, after a hearing thereon for which notice was given describing the Improvements or all their components by general nature, estimated cost, and area to be assessed; and

E. WHEREAS, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota, as its independent municipal advisor for the sale of the Note and was therefore authorized to sell the Note by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9); and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Harmony, Minnesota, as follows:

1. Acceptance of Offer. The offer of First Independent Bank, Russell, Minnesota (the "Purchaser"), to purchase the Note at the rate of interest hereinafter set forth and to pay therefor the sum of par is hereby accepted.

2. Note Terms

(a) Original Issue Date; Denominations; Maturities; Interest and Redemption. The City shall forthwith issue the Note, which shall be in fully registered form without interest coupons, shall be dated, mature, bear interest, be subject to redemption and be payable as provided in the form of the Note.

(b) Allocation. The aggregate principal amount of \$935,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Improvements (the "Improvement Portion"); and the aggregate principal amount of \$100,000 maturing in each of the years and amounts hereinafter set forth are issued to finance the Utility Improvements (the "Utility Portion"):

<u>Year</u>	<u>Improvement Portion</u>	<u>Utility Portion</u>	<u>Total Amount</u>
2019	\$ 71,000	\$ 8,000	\$ 79,000
2020	85,000	9,000	94,000
2021	88,000	9,000	97,000
2022	90,000	10,000	100,000
2023	93,000	10,000	103,000
2024	96,000	10,000	106,000
2025	99,000	11,000	110,000
2026	101,000	11,000	112,000
2027	105,000	11,000	116,000
2028	107,000	11,000	118,000

3. Purpose. The Improvement Portion of the Note shall provide funds to finance the Improvements and the Utility Portion of the Note shall provide funds to finance the Utility Improvements. The Improvements and the Utility Improvements are sometimes referred to herein together as the as the "Project". The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Note. The City covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

4. Registrar. The Administrator-Clerk-Treasurer of the City of Harmony, Minnesota, is appointed to act as registrar and transfer agent with respect to the Note (the "Registrar"), and shall do so unless and until a successor Registrar is duly appointed, all pursuant to any contract the City and Registrar shall execute which is consistent herewith. The Registrar shall also serve as paying agent unless and until a successor paying agent is duly appointed. Principal and interest on the Note shall be paid to the registered holders (or record holders) of the Note in the manner set forth in the form of Note.

5. Form of Note. The Note, together with the Registrar's Certificate of Authentication, shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
OTTER TAIL COUNTY  
CITY OF HARMONY

R-1 \$1,035,000

GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE NOTE, SERIES  
2017A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
3.050%	February 1, 2028	September 1, 2017

REGISTERED OWNER: FIRST INDEPENDENT BANK

PRINCIPAL AMOUNT: ONE MILLION THIRTY-FIVE THOUSAND DOLLARS

The City of Harmony, Fillmore County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or assigns duly certified on the Certificate of Registration attached to and made a part of this Note (the "Owner"), in the manner hereinafter set forth, the \$1,035,000 principal amount of this Note in the principal installments due on February 1 of the years and in the amounts, respectively, as follows, with each such principal installment bearing interest until paid at the interest rate of 3.050% per annum:

<u>Principal Installments</u>		<u>Principal Installments</u>	
<u>Due February 1</u>	<u>Amount</u>	<u>Due February 1</u>	<u>Amount</u>
2019	\$79,000	2024	\$106,000
2020	94,000	2025	110,000
2021	97,000	2026	112,000
2022	100,000	2027	116,000
2023	103,000	2028	118,000

Interest. Interest shall be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2018, and shall be calculated on the basis of a 360 day year consisting of twelve thirty day months. At the time of final payment of all principal and interest on this Note, the Owner shall surrender this Note to the Administrator-Clerk-Treasurer of the City of Harmony, Minnesota (the "Registrar").

Redemption. This Note is subject to redemption and prepayment at the option of the Issuer on August 1, 2018 and on any payment date thereafter. If redeemed prior to February 1, 2023 the Issuer shall pay a \$200 fee and a premium of 1.00%. Redemption may be in whole or

in part of the Note subject to prepayment. If redemption is in part, the principal amount to be redeemed shall be determined by the Issuer. Mailed notice of redemption shall be given to the Registrar at least thirty days prior to prepayment or redemption.

Date of Payment Not a Business Day. If the nominal date for payment of any principal of or interest on this Note shall not be a business day of the Issuer or of the Owner, then the date for such payment shall be the next such business day and payment on such business day shall have the same force and effect as if made on the nominal date of payment.

Fees upon Loss. The Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any legal or unusual costs regarding a lost Note.

Treatment of Registered Owners. The Issuer and Registrar may treat the person in whose name this Note is registered as the holder hereof for the purpose of receiving payment as herein provided (except as otherwise provided herein with respect to the Record Date) and for all other purposes, whether or not this Note shall be overdue, and neither the Issuer nor the Registrar shall be affected by notice to the contrary.

Issuance; Purpose; General Obligation. This Note is issued as a single instrument in the total principal amount of \$1,035,000, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota and pursuant to a resolution adopted by the City Council on August 8, 2017 (the "Resolution") for the purpose of providing funds to finance the construction of street improvements within the jurisdiction of the Issuer and improvements to the municipal water system (the "System"). This Note is payable out of the General Obligation Improvement and Utility Revenue Note, Series 2017A Fund of the Issuer. This Note constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of its principal, premium, if any, and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are hereby irrevocably pledged.

Authentication. This Note shall not be valid or become obligatory for any purpose or be entitled to any security unless the Certificate of Authentication hereon shall have been executed by the Registrar.

Qualified Tax-Exempt Obligation. This Note has been designated by the Issuer as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Owner of the Note that it will impose and collect charges for the service, use and availability of its System at the times and in amounts necessary to produce net revenues, together with other sums pledged to the payment of the Utility Portion of the Bonds, as defined in the Resolution, adequate to pay all principal and interest when due on the Utility Portion of the Note; and that the Issuer will levy a direct, annual, irrepealable ad



valorem tax upon all of the taxable property of the Issuer, without limitation as to rate or amount, for the years and in amounts sufficient to pay the principal and interest on Utility Portion of the Note as they respectively become due, if the net revenues from the System, and any other sums irrevocably appropriated to the Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Harmony, Fillmore County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the manual signatures of its Mayor and its City Administrator-Clerk-Treasurer, the corporate seal of the City having been intentionally omitted as permitted by law.

Date of Registration:  
September 1, 2017

CITY OF HARMONY,  
FILLMORE COUNTY, MINNESOTA

REGISTRABLE BY AND  
PAYABLE AT:  
Office of the Administrator-Clerk-  
Treasurer  
City of Harmony, Minnesota

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Administrator-Clerk-Treasurer

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or the registered owner's legal representative last noted below:

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of Registrar</u>
September 1, 2017	First Independent Bank PO Box 360 Russell, MN 56169	

REGISTER OF PARTIAL PAYMENTS

The installment of principal amount of the attached Note has been prepaid on the dates and in the amounts noted below:

<u>DATE</u>	<u>AMOUNT</u>	<u>SIGNATURE OF OWNER</u>	<u>SIGNATURE OF REGISTRAR</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If a notation is made on this register, such notation has the effect stated in the attached Note. Partial payments do not require the presentation of the attached Note to the Registrar, and an Owner could fail to note the partial payment here.

6. Execution. The Note shall be executed on behalf of the City by the manual signatures or facsimile signatures of its Mayor and Administrator-Clerk-Treasurer, the seal having been omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery.

7. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Administrator-Clerk-Treasurer to the Purchaser upon receipt of the purchase price, and the Purchaser shall not be obliged to see to the proper application thereof.

8. Fund and Accounts. There is hereby established a special fund to be designated "General Obligation Improvement and Utility Revenue Note, Series 2017A Fund" (the "Fund") to be administered and maintained by the Administrator-Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the City. The Operation and Maintenance Account for the System (the "Operation and Maintenance Account") heretofore established by the City shall continue to be maintained in the manner heretofore and herein provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Account shall constitute and are referred to as "net revenues" until the Utility Portion of the Note has been paid. There shall be maintained in the Fund the following separate accounts to which shall be credited and debited all income and disbursements of the System as hereinafter set forth. The Administrator-Clerk-Treasurer of the City and all officials and employees concerned therewith shall establish and maintain financial records of the receipts and disbursements of the System in accordance with this resolution. In such records there shall be established accounts or accounts shall continue to be maintained as the case may be, of the Fund for the purposes and in the amounts as follows:

(a) Construction Account. To the Construction Account there shall be credited the proceeds of the Note, plus any special assessments levied with respect to the Improvements and collected prior to completion of the Improvements and payment of the costs thereof. From the Construction Account there shall be paid all costs and expenses of making the Improvements listed in paragraph 9 and all costs and expenses of the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65. Moneys in the Construction Account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Note may also be used to the extent necessary to pay interest on the Note due prior to the anticipated date of commencement of the collection of taxes, special assessments or net revenues herein levied or covenanted to be levied; and provided further that if upon completion of the Improvements there shall remain any unexpended balance in the Construction Account, the balance (other than any special assessments) shall be transferred to the Debt Service Account or may be transferred by the Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any special assessments credited to the Construction Account shall only be applied towards payment of the costs of the Improvements upon adoption of a resolution by the City Council determining that the application

of the special assessments for such purpose will not cause the City to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Debt Service Account. There shall be maintained two separate subaccounts in the Debt Service Account to be designated the "Improvement Project Debt Service Subaccount" and the "Utility Improvements Debt Service Subaccount." There are hereby irrevocably appropriated and pledged to, and there shall be credited to the separate subaccounts of the Debt Service Account:

- (i) Improvement Project Debt Service Subaccount. To the Improvement Project Debt Service Subaccount there shall be credited: (A) all collections of special assessments herein covenanted to be levied with respect to the Improvements and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Improvement Portion of the Note or collected subsequent to the completion of the Improvements and payment of the costs thereof; (B) any collections of all taxes herein or hereinafter levied for the payment of the Improvement Portion of the Note and interest thereon; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Improvement Project Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Improvement Project Debt Service Subaccount. The Improvement Project Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Improvement Portion of the Note and any other general obligation bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.
- (ii) Utility Improvements Debt Service Subaccount. To the Utility Improvements Debt Service Subaccount there shall be credited: (A) the net revenues of the System not otherwise pledged and applied to the payment of other obligations of the City, in an amount, together with other funds which may herein or hereafter from time to time be irrevocably appropriated to the Utility Improvements Debt Service Subaccount, sufficient to meet the requirements of Minnesota Statutes, Section 475.61 for the payment of the principal and interest of the Utility Portion of the Note; (B) any collections of all taxes which may hereafter be levied in the event that the net revenues of the System and other funds herein pledged to the payment of the principal and interest on the Utility Portion of the Note is insufficient therefore; (C) a pro rata share of all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof; (D) all investment earnings on funds held in the Utility Improvements Debt Service Subaccount; and (E) any and all other moneys which are properly available and are appropriated by the governing body of the City to the Utility Improvements Debt Service Subaccount. The Utility Improvements Debt Service Subaccount shall be used solely to pay the principal and interest and any premium for redemption of the Utility Portion of the Note and any other general Obligation

Bonds of the City hereafter issued by the City and made payable from said subaccount as provided by law.

No portion of the proceeds of the Note shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Note was issued and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or \$100,000. To this effect, any proceeds of the Note and any sums from time to time held in the Construction Account or Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note payable therefrom) in excess of amounts which under then applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by the arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Fund shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Note to be "federally guaranteed" within the meaning of Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code").

9. Covenants Relating to the Improvement Portion of the Note.

(a) Special Assessments. It is hereby determined that no less than 20% of the cost to the City of each Improvement financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3), shall be paid by special assessments to be levied against every assessable lot, piece and parcel of land benefitted by any of the Improvements. The City hereby covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Improvement financed hereunder unless the resolution ordering the Improvement specifies a different time limit for the letting of construction contracts. The City hereby further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such special assessments, and in the event that any such assessment be at any time held invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the City or the City Council or any of the City officers or employees, either in the making of the assessments or in the performance of any condition precedent thereto, the City and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property. The special assessments have heretofore been authorized. Subject to such adjustments as are required by the conditions in existence at the time the assessments are levied, it is hereby determined that the assessments shall be payable in equal, consecutive, annual installments, with general taxes for the years shown below and with interest on the declining balance of all such assessments at the rates per annum not less than the rate per annum set forth opposite the collection years specified below:

<u>Improvement Designation</u>	<u>Levy Years</u>	<u>Collection Years</u>	<u>Rate</u>	<u>Amount</u>
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See attached schedule

At the time the special assessments are in fact levied the City Council shall, based on the then current estimated collections of the special assessments, make any adjustments in any ad valorem taxes required to be levied in order to assure that the City continues to be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1.

(b) Tax Levy; Coverage Test. To provide moneys for payment of interest on the Improvement Portion of the Note, there is hereby levied upon all of the taxable property in the City a direct annual ad valorem tax which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the City for the years and in the amounts as follows:

<u>Year of Tax Levy</u>	<u>Year of Tax Collection</u>	<u>Amount</u>
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See attached schedule

The tax levies are such that if collected in full they, together with estimated collections of special assessments and other revenues, will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Note. The tax levies shall be irrevocable so long as the Note is outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, Subdivision 3.

10. Covenants Relating to the Utility Portion of the Note.

(a) Sufficiency of Net Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Utility Portion of the Note and the Outstanding Water Note and a sum at least five percent in excess thereof. The net revenues of the System are hereby pledged on a parity with the Outstanding Water Note for the payment of the Utility Portion of the Note and shall be applied for that purpose, but solely to the extent required to meet the principal and interest requirements of the Note as the same become due.

Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that the estimated net revenues of the System will be sufficient in addition to all other sources, for the payment of the Utility Portion of the Note and such additional obligations and any such pledge and appropriation of the net revenues of the System may be made superior or subordinate to, or on a parity with the pledge and appropriation herein.

(b) Excess Net Revenues. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

(c) Covenant to Maintain Rates and Charges. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the Holders of the Note that it will impose and collect charges for the service, use, availability and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Utility Portion of the Note. Minnesota Statutes, Section 444.075, Subdivision 2, provides as follows: "Real estate tax revenues should be used only, and then on a temporary basis, to pay general or special obligations when the other revenues are insufficient to meet the obligations."

11. Defeasance. When the Note has been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Note shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to the Note which is due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or if the Note should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Note called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to the Note, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

12. Compliance With Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Note, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than sixty days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such



Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed twenty percent of the "issue price" of the Note, and (ii) a de minimis amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or five percent of the proceeds of the Note.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Note or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Note and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Note proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Note is issued, shall be treated as made on the day the Note is issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this paragraph upon receipt of an opinion of its bond counsel for the Note stating in effect that such action will not impair the tax-exempt status of the Note.

13. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Note, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Utility Portion of the Note, together with other funds irrevocably appropriated to the Utility Improvements Debt Service Subaccount herein established, shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as it becomes due. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other the Notes payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed with or without interest from the Debt Service Account when a sufficient balance is available therein.

14. Certificate of Registration. The Administrator-Clerk-Treasurer is hereby directed to file a certified copy of this resolution with the County Auditor of Fillmore County, Minnesota, together with such other information as the Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register and that the tax levy required by law has been made.

15. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchaser, and to the attorneys approving the legality of the

issuance of the Note, certified copies of all proceedings and records of the City relating to the Note and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

16. Negative Covenant as to Use of Note Proceeds and Project. The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project, in such a manner as to cause the Note to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

17. Tax-Exempt Status of the Note; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Note, including without limitation (1) requirements relating to temporary periods for investments, (2) limitations on amounts invested at a yield greater than the yield on the Note, and (3) the rebate of excess investment earnings to the United States, if the Note (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceed the small-issuer exception amount of \$5,000,000. For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that:

- (a) the Note is issued by a governmental unit with general taxing powers;
- (b) the Note is a private activity bond;
- (c) ninety-five percent or more of the net proceeds of the Note is to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); and
- (d) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Note is issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

18. Designation of Qualified Tax-Exempt Obligations. In order to qualify the Note as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Note is issued after August 7, 1986;
- (b) the Note is not "private activity bonds" as defined in Section 141 of the Code;
- (c) the City hereby designates the Note as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2017 will not exceed \$10,000,000;

(e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code; and

(f) the aggregate face amount of the Note does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

19. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

20. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and, after a full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF FILLMORE  
CITY OF HARMONY

I, the undersigned, being the duly qualified and acting Administrator-Clerk-Treasurer of the City of Harmony, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council, duly called and held on the date therein indicated, insofar as such minutes relate to authorizing the issuance and awarding the sale of a \$1,035,000 General Obligation Improvement and Utility Revenue Note, Series 2017A.

WITNESS my hand on August 8, 2017.

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Administrator-Clerk-Treasurer

EXHIBIT A

SCHEDULES

**TAX LEVIES AND ASSESSMENTS**

Tax Levies

<u>Year of Tax Levy</u>	<u>Collection Year</u>	<u>Amount</u>
2017	2018	\$80,696
2018	2019	81,306
2019	2020	81,734
2020	2021	81,016
2021	2022	81,283
2022	2023	81,455
2023	2024	81,531
2024	2025	80,460
2025	2026	81,426
2026	2027	80,163

Special Assessments (2017 Improvements)

<u>Assessment Year</u>	<u>Collection Year</u>	<u>Amount</u>
2017	2018	\$35,614
2018	2019	35,614
2019	2020	35,614
2020	2021	35,614
2021	2022	35,614
2022	2023	35,614
2023	2024	35,614
2024	2025	35,614
2025	2026	35,614
2026	2027	35,614