

**\*AMENDED AGENDA**

**REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS OF  
ST. LOUIS COUNTY, MINNESOTA**



**Tuesday, July 2, 2013, 9:30 A.M.**

**County Board Room, Second Floor  
St. Louis County Courthouse  
100 N. 5<sup>th</sup> Avenue West  
Duluth, Minnesota**

**CHRIS DAHLBERG, Chair  
Third District**

**FRANK JEWELL  
First District**

**STEVE O'NEIL  
Second District**

**MIKE FORSMAN, Vice Chair  
Fourth District**

**PETE STAUBER  
Fifth District**

**KEITH NELSON  
Sixth District**

**STEVE RAUKAR  
Seventh District**

County Auditor  
Donald Dicklich

County Administrator  
Kevin Gray

County Attorney  
Mark Rubin

Interim Clerk of the Board  
Phil Chapman

The St. Louis County Board of Commissioners welcomes you to this meeting. This agenda contains a brief description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, you will be allowed to address the Board when a motion is on the floor. If you wish to speak on a matter that does not appear on the agenda, you may do so during the public comment period at the beginning of the meeting. Except as otherwise provided by the Standing Rules of the County Board, no action shall be taken on any item not appearing in the agenda.

When addressing the Board, please sign in at the podium and state your name and address for the record. Please address the Board as a whole through the Chair. Comments to individual Commissioners or staff are not permitted. The St. Louis County Board promotes adherence to civility in conducting the business of the County. Civility will provide increased opportunities for civil discourse in order to find positive resolutions to the issue before the Board. Tools of civility include: pay attention, listen, be inclusive, do not gossip, show respect, be agreeable, apologize, give constructive criticism and take responsibility [County Board Resolution No. 560, adopted on September 9, 2003]. Speakers will be limited to five (5) minutes.

**\*\*In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify Property Management 72 hours prior to the meeting at (218)725-5085.\*\***

All supporting documentation is available for public review in the County Auditor's Office, 100 North 5th Avenue West - Room No. 214, St. Louis County Courthouse, Duluth, MN, during regular business hours 8:00 A.M. - 4:30 P.M., Monday through Friday. Agenda is also available on our website at <http://www.stlouiscountymn.gov/GOVERNMENT/BoardofCommissioners.aspx>

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9:30 A.M. Moment of Silence  
Pledge of Allegiance  
Roll Call

*“St. Louis County History: People & Places” – Commissioner Jewell,  
First District*

*\* Proclamation: Water Appreciation Day in St. Louis County - July 6, 2013*

*Presentation: Frank Scherf, Minnesota Department of Public Safety – Office  
of Traffic Safety*

AT THIS TIME CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD ON ITEMS NOT ON THE AGENDA. [Speakers will be limited to 5 minutes each.]

FOR ITEMS LISTED ON THE BOARD AGENDA OR COMMITTEE OF THE WHOLE AGENDA, CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD AT THE TIME A MOTION IS ON THE FLOOR.

9:40 A.M. Public hearing, pursuant to Resolution No. 13-350 adopted June 4, 2013, to receive public comment regarding the County’s Capital Improvement Plan for the years 2013 – 2017 and intent to issue general obligation bonds in an amount not to exceed \$24,000,000. **{13-255}**

**CONSENT AGENDA**

Approval of business submitted on the consent agenda.

**REGULAR AGENDA**

**Public Works & Transportation Committee – Commissioner Forsman, Chair**

1. Bid awarded to Northland Constructors of Duluth, LLC, in the amount of \$4,015,950.25 for a paving project on CSAH 9 and 10/Martin Road in Rice Lake Township. **{13-256}**  
**[Tabled from June 25, 2013.]**
2. Award of bids for various Public Works projects - June 27, 2013, bid opening. **{13-257}**  
**[Rules must be suspended; has not been to committee.]**

**Central Management & Intergovernmental Committee – Commissioner Jewell, Chair**

3. Joint powers agreement with the City of Hibbing for the purpose of providing real property assessment services beginning July 1, 2013. **{13-253}** **[Without recommendation.]**

**ADJOURNED:**



S A I N T  
**LOUIS**  
**COUNTY**  
M I N N E S O T A

## - Proclamation -

### **Water Appreciation Day in St. Louis County** July 6, 2013

**WHEREAS**, Water is the source of all life, is our most valuable natural resource and access to clean water one of our most important human rights; and

**WHEREAS**, Maintaining and improving water quality is essential to protect public health, quality of life, fisheries, wildlife and watersheds and to ensure abundant opportunities for public recreation and economic development; and

**WHEREAS**, It is the responsibility of government and all citizens to provide and protect clean water for future generations; and

**WHEREAS**, Public awareness, ceremony, involvement and active participation in efforts to appreciate, protect and restore water quality are essential to continued improvement of our water resources; and

**WHEREAS**, Water is a unifier that brings communities together regardless of culture, color, creed or geographical boundaries; and

**WHEREAS**, Consumption of clean tap water as an alternative to bottled water is a safe and cost effective practice that is healthier, consumes less energy, reduces plastics in the environment; and

**WHEREAS**, We are all stewards of water upon which future generations depend and each citizen is called upon to celebrate water, to help protect our source waters from pollution, to practice water conservation and water appreciation;

**THEREFORE, BE IT RESOLVED**, That the St. Louis County Board of Commissioners hereby proclaims July 6th as "Water Appreciation Day in St. Louis County," encouraging citizen awareness on the sacred nature of water, the importance of clean water for all forms of life, and to inspire a commitment to stewardship and sustainability now and for future generations.



In addition, this proposal is to issue General Obligation Capital Equipment Notes not to exceed \$5,065,000 and refund three bond issues.

**RECOMMENDATION:**

It is recommended that the St. Louis County Board approve the amended Capital Improvement Plan and state its intent to issue General Obligation Capital Improvement Bonds under Minn. Stat. Section 373.40; and then approve the official terms of offering of General Obligation Capital Improvement Bonds, Series 2013A.

It is further recommended that the St. Louis County Board approve the official terms of offering of General Obligation Capital Equipment Notes, Series 2013B, General Obligation Capital Improvement Refunding Bonds, Series 2013C and General Obligation Capital Improvement Refunding Bonds, Series 2013D.

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF  
ST. LOUIS COUNTY, MINNESOTA, APPROVING THE CAPITAL  
IMPROVEMENT PLAN, AS AMENDED, AND STATING THE INTENT TO  
ISSUE GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS UNDER  
MINNESOTA STATUTES, SECTION 373.40**

BE IT RESOLVED, by the Board of County Commissioners (the "Board") of St. Louis County, Minnesota (the "County"), as follows:

Section 1. The Board, pursuant to Minnesota Statutes, Section 373.40 (the "Act"), previously approved a Capital Improvement Plan (the "Capital Improvement Plan"). Following a public hearing on July 2, 2013, as required by the Act, the Board considered a proposed amendment to the Capital Improvement Plan and the Board has considered the following for each project described in the proposed amendment and the overall plan:

- (i) The condition of the County's existing infrastructure, including the projected need for repair or replacement;
- (ii) The likely demand for the improvement;
- (iii) The estimated cost of the improvement;
- (iv) The available public resources;
- (v) The level of overlapping debt in the County;
- (vi) The relative benefits and costs of alternative uses of the funds;
- (vii) Operating costs of the proposed improvements; and
- (viii) Alternatives for providing services more efficiently through shared facilities with other cities or local government units.

The Board, based on the considerations set forth in the amendment and overall plan and as set forth herein, hereby approves the Capital Improvement Plan, as amended for the years 2013 through 2017, as presented to the Board, and on file as County Board Document File No. 59661 (the "Plan").

Section 2. Under and pursuant to the authority contained in the Act and Minnesota Statutes, Chapter 475, the County is authorized to issue capital improvement bonds to provide funds for capital improvements pursuant to the Plan.

Section 3. The Board hereby finds and determines that it is necessary, expedient, and in the best interests of the County's residents that the County issue, sell and deliver general obligation capital improvement bonds in the maximum amount of \$24,000,000 (the "Bonds"), for the purpose of providing funds for the following capital improvements under the Plan and for the payment of costs of issuance of the Bonds:

- Administrative Building Improvements - improvements to the Government Services Center located in Duluth.

Section 4. The County Auditor shall publish a notice of intent to issue capital improvement bonds in substantially the form attached hereto as Exhibit A as soon as practicable following the public hearing in the official newspaper of the County. If, within 30 days after July 2, 2013, a petition is filed with the County Auditor calling for a vote on the proposition of issuing the Bonds, signed by voters residing within the boundaries of the County equal to five (5) percent of the votes cast in the County in the last County general election, the Bonds shall not be issued until the question of their issuance has been authorized by a majority of the voters voting on the question at the next general or special election called to decide the question.

Adopted July 2, 2013

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**EXHIBIT A**

**NOTICE OF INTENT TO ISSUE CAPITAL IMPROVEMENT BONDS  
PURSUANT TO MINNESOTA STATUTES, SECTION 373.40,  
BY ST. LOUIS COUNTY, MINNESOTA**

NOTICE IS HEREBY GIVEN that under and pursuant to the authority contained in Minnesota Statutes, Section 373.40, and Minnesota Statutes, Chapter 475, the Board of Commissioners of St. Louis County, Minnesota (the "Board"), is authorized to issue general obligation capital improvement bonds to provide funds for capital improvements pursuant to an amendment to the Capital Improvement Plan for the years 2013 through 2017 approved by the Board on July 2, 2013 (the "Plan"). The Board by resolution adopted July 2, 2013 (the "Resolution"), determined that it is necessary, expedient, and in the best interests of the County's residents that the County issue, sell and deliver general obligation capital improvement bonds in the maximum amount of \$24,000,000 (the "Bonds"), to provide funds for the following capital improvements under the Plan and for costs of issuance of the Bonds:

■ Administrative Building Improvements - improvements to the Government Services Center located in Duluth.

If, within 30 days after July 2, 2013, a petition is filed with the County Auditor calling for a vote on the proposition of issuing the Bonds, signed by voters residing within the boundaries of the County equal to five (5) percent of the votes cast in the County in the last County general election, the Bonds shall not be issued until the question of their issuance has been authorized by a majority of the voters voting on the question at the next general or special election called to decide the question.

**BY ORDER OF THE BOARD OF COMMISSIONERS**

/s/ Donald Dicklich, County Auditor

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. LOUIS COUNTY,  
MINNESOTA, APPROVING OFFICIAL TERMS OF OFFERING OF GENERAL OBLIGATION  
CAPITAL IMPROVEMENT BONDS, SERIES 2013A**

BE IT RESOLVED, by the Board of County Commissioners (the "Board") of St. Louis County, Minnesota (the "County"), as follows:

Section 1. Under and pursuant to the authority contained in Minnesota Statutes, Section 373.40, and Minnesota Statutes, Chapter 475 (collectively the "Act"), the County is authorized to issue general obligation capital improvement bonds to provide funds for capital improvements pursuant to an approved capital improvement plan.

Section 2. Pursuant to a Resolution adopted by the Board on July 2, 2013 (the "Resolution"), the Board stated its intention to issue general obligation capital improvement bonds in the maximum amount of \$24,000,000 for certain capital improvements, including administrative building improvements, authorized in an amendment to the County's Capital Improvement Plan for the years 2013 through 2017 and approved by the Board on July 2, 2013.

Section 3. The Board hereby determines that it is necessary, expedient, and in the best interests of the County's residents that the County issue, sell and deliver its general obligation capital improvement bonds in the maximum amount of \$24,000,000, for the purpose of providing funds for the following capital improvements pursuant to the Capital Improvement Plan, as amended, for the years 2013 through 2017, and for costs of issuance of such bonds:

- Administrative Building Improvements – improvements to the Government Services Center located in Duluth

Section 4. The County's administrative staff is hereby authorized and directed to work with bond counsel, and Springsted Incorporated, independent financial adviser to the County, to solicit proposals and to arrange for the sale of the County's General Obligation Capital Improvement Bonds, Series 2013A in the maximum amount of \$24,000,000 (the "Bonds") for the purposes of and pursuant to the authorizations recited in Sections 2 and 3 above in substantial compliance with the Terms of Proposal attached hereto as Exhibit A. Each and all of the terms and provisions set forth in the Terms of Proposal are adopted and confirmed as the terms and conditions of the Bonds and the sale thereof. Due to a rapidly changing bond market, the County Auditor, after consulting with the County's financial advisor and bond counsel, is authorized to modify the Terms of Proposal prior to accepting the proposals, including but not limited to rescheduling the sale or cancelling the sale. The proposals shall be received at the administrative offices of Springsted Incorporated until 11:30 a.m. central time on August 5, 2013, and consideration for the award of the Bonds will be by the Board at 10:30 a.m. on August 6, 2013.

Section 5. The Board shall meet on August 6, 2013, in accordance with the Terms of Proposal, to consider proposals for the purchase of the Bonds and to take whatever actions are necessary for the acceptance or rejection of the proposals.

Adopted: July 2, 2013.

## EXHIBIT A

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

### TERMS OF PROPOSAL

**\$24,000,000\***

**ST. LOUIS COUNTY, MINNESOTA**

**GENERAL OBLIGATION CAPITAL IMPROVEMENT BONDS, SERIES 2013A**

**(BOOK ENTRY ONLY)**

Proposals for the Bonds and the Good Faith Deposit (“Deposit”) will be received on Monday, August 5, 2013, until 11:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the County Board at 10:30 A.M., Central Time, of the following day, Tuesday, August 6, 2013.

### SUBMISSION OF PROPOSALS

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

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

**OR**

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

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

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\* Preliminary; subject to change.

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

#### DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2014. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

2015	\$1,015,000	2019	\$1,065,000	2023	\$1,180,000	2027	\$1,340,000	2031	\$1,555,000
2016	\$1,020,000	2020	\$1,090,000	2024	\$1,215,000	2028	\$1,390,000	2032	\$1,620,000
2017	\$1,035,000	2021	\$1,115,000	2025	\$1,250,000	2029	\$1,440,000	2033	\$1,690,000
2018	\$1,045,000	2022	\$1,145,000	2026	\$1,295,000	2030	\$1,495,000	2034	

\* *The County reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread is the differential between the price paid to the County for the new issue and the prices at which the securities are initially offered to the investing public.*

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

#### BOOK ENTRY SYSTEM

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

#### REGISTRAR

The County Auditor of the County will serve as registrar.

#### OPTIONAL REDEMPTION

The County may elect on December 1, 2021, and on any day thereafter, to prepay Bonds due on or after December 1, 2022. Redemption may be in whole or in part and if in part at the option of the County and in such manner as the County shall determine. If less than all Bonds of a maturity are called for

redemption, the County will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

#### SECURITY AND PURPOSE

The Bonds will be general obligations of the County for which the County will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds will be used to finance the cost of the renovation of a government services center.

#### BIDDING PARAMETERS

Proposals shall be for not less than \$23,688,000 plus accrued interest, if any, on the total principal amount of the Bonds.

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

#### GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$240,000, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the County nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

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

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

Wells Fargo Bank, N.A., San Francisco, CA 94104  
ABA #121000248  
for credit to Springsted Incorporated, Account #635-5007954  
Ref: St. Louis County, MN Series 2013A Good Faith Deposit

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

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

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

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

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the County. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

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

#### BOND INSURANCE AT PURCHASER'S OPTION

The County has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's Proposal. The County specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the County. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the County) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

#### CUSIP NUMBERS

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

#### SETTLEMENT

On or about September 5, 2013, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in

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

#### CONTINUING DISCLOSURE

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

#### OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the County with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the addendum or addenda described above. The County designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the County (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated July 2, 2013

BY ORDER OF THE COUNTY BOARD

/s/ Kevin Gray  
County Administrator

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST. LOUIS COUNTY,  
MINNESOTA, APPROVING OFFICIAL TERMS OF OFFERING OF GENERAL OBLIGATION  
CAPITAL EQUIPMENT NOTES, SERIES 2013B**

BE IT RESOLVED, by the Board of Commissioners (the "Board") of St. Louis County, Minnesota (the "County"), as follows:

Section 1. Authority. Pursuant to authority contained in Minnesota Statutes, Section 373.01 (the "Act") and Minnesota Statutes, Chapter 475, the Board of County Commissioners does hereby direct the issuance and sale of approximately \$5,065,000 General Obligation Capital Equipment Notes, Series 2013B, of the County (the "Notes"), for the purpose of providing funds to purchase capital equipment as defined in the Act and for the payment the costs of issuance of the Notes.

Section 2. Notice of Sale. The County's administrative staff is hereby authorized and directed to work with Springsted Incorporated, financial advisor to the County, and Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel, to solicit proposals and arrange for the sale of the Notes in substantial compliance with the Terms of Proposal attached hereto as Exhibit A. Each and all of the terms and provisions set forth in the Terms of Proposal are adopted and confirmed as the terms and conditions of the Notes and the sale thereof. Due to a rapidly changing bond market, the County Auditor, after consulting with the County's financial advisor and bond counsel, is authorized to modify the Terms of Proposal prior to accepting the proposals, including but not limited to rescheduling the sale or cancelling the sale. The proposals shall be received at the administrative office of Springsted Incorporated until 11:30 a.m. central time on August 5, 2013, and consideration for the award of the Notes will be by the Board at 10:30 a.m. central time on August 6, 2013.

Section 3. Repayment of Notes. The form, specifications and provisions for repayment of the Notes shall be set forth in a subsequent resolution of the Board.

Section 4. Consideration of Proposals. The Board shall meet on August 6, 2013, in accordance with the Terms of Proposal, to consider proposals for the purchase of the Notes and to take whatever actions are necessary for the acceptance or rejection of the proposals.

Adopted: July 2, 2013.

## EXHIBIT A

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

### TERMS OF PROPOSAL

**\$5,065,000\***

**ST. LOUIS COUNTY, MINNESOTA  
GENERAL OBLIGATION CAPITAL EQUIPMENT NOTES, SERIES 2013B**

### (BOOK ENTRY ONLY)

Proposals for the Notes and the Good Faith Deposit (“Deposit”) will be received on Monday, August 5, 2013, until 11:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Notes will be by the County Board at 10:30 A.M., Central Time, of the following day, Tuesday, August 6, 2013.

### SUBMISSION OF PROPOSALS

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

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

**OR**

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

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\* Preliminary; subject to change.

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

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

#### DETAILS OF THE NOTES

The Notes will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2014. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes will mature December 1 in the years and amounts as follows:

2014	\$670,000	2016	\$715,000	2018	\$735,000	2020	\$765,000
2015	\$705,000	2017	\$725,000	2019	\$750,000		

\* *The County reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Notes or the amount of any maturity in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Notes as that of the original proposal. Gross spread is the differential between the price paid to the County for the new issue and the prices at which the securities are initially offered to the investing public.*

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

#### BOOK ENTRY SYSTEM

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

#### REGISTRAR

The County Auditor of the County will serve as registrar.

## OPTIONAL REDEMPTION

The Notes will not be subject to payment in advance of their respective stated maturity dates.

## SECURITY AND PURPOSE

The Notes will be general obligations of the County for which the County will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds will be used to finance the acquisition of various items of equipment.

## BIDDING PARAMETERS

Proposals shall be for not less than \$5,032,077 plus accrued interest, if any, on the total principal amount of the Notes.

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the County scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Notes of the same maturity shall bear a single rate from the date of the Notes to the date of maturity. No conditional proposals will be accepted.

## GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$50,650, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Note and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Note. Neither the County nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

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

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

Wells Fargo Bank, N.A., San Francisco, CA 94104  
ABA #121000248  
for credit to Springsted Incorporated, Account #635-5007954  
Ref: St. Louis County, MN Series 2013B Good Faith Deposit

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

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

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

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

#### AWARD

The Notes will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the County. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

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

#### BOND INSURANCE AT PURCHASER'S OPTION

The County has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Notes. If the Notes qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's Proposal. The County specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the County. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the County) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Notes shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Notes.

#### CUSIP NUMBERS

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

## SETTLEMENT

On or about September 5, 2013, the Notes will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Notes shall be made in federal, or equivalent, funds that shall be received at the offices of the County or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Notes has been made impossible by action of the County, or its agents, the purchaser shall be liable to the County for any loss suffered by the County by reason of the purchaser's non-compliance with said terms for payment.

## CONTINUING DISCLOSURE

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

## OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Notes, together with any other information required by law, shall constitute a "Final Official Statement" of the County with respect to the Notes, as that term is defined in Rule 15c2-12. By awarding the Notes to any underwriter or underwriting syndicate submitting a proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Notes are awarded up to 25 copies of the Official Statement and the addendum or addenda described above. The County designates the senior managing underwriter of the syndicate to which the Notes are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Notes agrees thereby that if its proposal is accepted by the County (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Notes for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated July 2, 2013

BY ORDER OF THE COUNTY BOARD

/s/ Kevin Gray  
County Administrator

**RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF ST.  
LOUIS COUNTY, MINNESOTA, APPROVING OFFICIAL TERMS OF  
OFFERING OF GENERAL OBLIGATION CAPITAL IMPROVEMENT  
REFUNDING BONDS, SERIES 2013C**

BE IT RESOLVED, by the Board of County Commissioners (the "Board") of the St. Louis County, Minnesota (the "County"), as follows:

Section 1.        The 2004 Bonds. Under and pursuant to Minnesota Statutes, Section 373.40 and Minnesota Statutes, Chapter 475, the County previously issued its \$13,785,000 General Obligation Capital Improvement Bonds, Series 2004A, dated October 1, 2004 (the "2004 Bonds"), to fund capital improvements pursuant to an approved capital improvement plan.

Section 2.        The 2005 Bonds. Under and pursuant to Minnesota Statutes, Section 373.40 and Minnesota Statutes, Chapter 475, the County previously issued its \$6,115,000 General Obligation Capital Improvement Bonds, Series 2005A, dated November 22, 2005 (the "2005 Bonds"), to fund capital improvements pursuant to an approved capital improvement plan.

Section 3.        Authority. Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and Section 475.67 of the Act, the County is authorized to issue and sell its general obligation bonds to refund obligations and the interest thereon before the due date of the obligations, if consistent with covenants made with the holders thereof, when determined by the County to be necessary or desirable for the reduction of debt service cost to the County or for the extension or adjustment of maturities in relation to the resources available for their payment.

Section 4.        The Bonds. The Board hereby finds and determines that it is necessary and desirable that in order to reduce debt service costs the County issue, sell and deliver its General Obligation Capital Improvement Refunding Bonds, Series 2013C (the "Bonds"), in the approximate amount of \$9,565,000, to provide for (i) the refunding of the 2014 through 2019 maturities of the 2004 Bonds; (ii) the refunding of the 2015 through 2020 maturities of the 2005 Bonds; and (iii) payment of the costs of issuance of the Bonds.

Section 5.        Notice of Sale. The County's administrative staff is hereby authorized and directed to work with Springsted Incorporated, financial advisor to the County, and Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel, to solicit proposals and arrange for the sale of the Bonds in substantial compliance with the Terms of Proposal attached hereto as Exhibit A. Each and all of the terms and provisions set forth in the Terms of Proposal are adopted and confirmed as the terms and conditions of the Bonds and the sale thereof. Due to a rapidly changing bond market, the County Auditor, after consulting with the County's financial advisor and bond counsel, is authorized to modify the Terms of Proposal prior to accepting the proposals, including but not limited to rescheduling the sale or cancelling the sale. The proposals shall be received at the administrative office of Springsted Incorporated until 11:30 a.m. central time on August 5, 2013, and consideration for the award of the Bonds will be by the Board at 10:30 a.m. central time on August 6, 2013.

Section 6.        Repayment of Bonds. The form, specifications and provisions for repayment of the Bonds shall be set forth in a subsequent resolution of the Board.

Section 7.        Consideration of Proposals. The Board shall meet on August 6, 2013, in accordance with the Terms of Proposal, to consider proposals for the purchase of the Bonds and to take whatever actions are necessary for the acceptance or rejection of the proposals.

Adopted July 2, 2013.

## EXHIBIT A

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

### TERMS OF PROPOSAL

**\$9,565,000\***

**ST. LOUIS COUNTY, MINNESOTA**

**GENERAL OBLIGATION CAPITAL IMPROVEMENT REFUNDING BONDS, SERIES 2013C**

**(BOOK ENTRY ONLY)**

Proposals for the Bonds and the Good Faith Deposit ("Deposit") will be received on Monday, August 5, 2013, until 11:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the County Board at 10:30 A.M., Central Time, of the following day, Tuesday, August 6, 2013.

### SUBMISSION OF PROPOSALS

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

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

**OR**

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

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

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

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\* Preliminary; subject to change.

## DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2014. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

2014	\$1,040,000	2016	\$1,565,000	2018	\$1,630,000	2020	\$520,000
2015	\$1,550,000	2017	\$1,595,000	2019	\$1,665,000		

\* *The County reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread is the differential between the price paid to the County for the new issue and the prices at which the securities are initially offered to the investing public.*

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

## BOOK ENTRY SYSTEM

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

## REGISTRAR

The County Auditor of the County will serve as registrar.

## OPTIONAL REDEMPTION

The Bonds will not be subject to payment in advance of their respective stated maturity dates.

## SECURITY AND PURPOSE

The Bonds will be general obligations of the County for which the County will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds will be used to refund in advance of maturity (i) the December 1, 2014 through December 1, 2019 maturities of the County's Capital Improvement Bonds, Series 2004A, dated October 1, 2004; and (ii) the December 1, 2015 through December 1, 2020 maturities of the County's Capital Improvement Bonds, Series 2005A, dated November 22, 2005.

## BIDDING PARAMETERS

Proposals shall be for not less than \$9,507,610 plus accrued interest, if any, on the total principal amount of the Bonds.

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$95,650, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the County nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

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

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

Wells Fargo Bank, N.A., San Francisco, CA 94104  
ABA #121000248  
for credit to Springsted Incorporated, Account #635-5007954  
Ref: St. Louis County, MN Series 2013C Good Faith Deposit

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

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

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

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

## AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the County. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

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

## BOND INSURANCE AT PURCHASER'S OPTION

The County has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's Proposal. The County specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the County. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the County) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

## CUSIP NUMBERS

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

## SETTLEMENT

On or about September 5, 2013, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the County or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the County, or its agents, the purchaser shall be liable to the County for any loss suffered by the County by reason of the purchaser's non-compliance with said terms for payment.

## CONTINUING DISCLOSURE

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

## OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the County with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the addendum or addenda described above. The County designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the County (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated July 2, 2013

BY ORDER OF THE COUNTY BOARD

/s/ Kevin Gray  
County Administrator

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF ST. LOUIS COUNTY,  
MINNESOTA, APPROVING OFFICIAL TERMS OF OFFERING  
FOR THE ISSUANCE OF GENERAL OBLIGATION CAPITAL IMPROVEMENT  
REFUNDING BONDS, SERIES 2013D**

BE IT RESOLVED, by the Board of Commissioners (the "Board") of St. Louis County, Minnesota (the "County"), as follows:

Section 1. The 2010 Bonds. Under and pursuant to the authority contained in Minnesota Statutes, Section 373.40 and Minnesota Statutes, Chapter 475, the County previously issued its \$7,135,000 Taxable General Obligation Capital Improvement Bonds, Series 2010A (Build America Bonds-Direct Pay), dated December 9, 2010 (the "2010 Bonds") to finance certain capital improvements pursuant to the County's Capital Improvement Plan. The Board's resolution authorizing the 2010 Bonds contained an extraordinary redemption provision which permits the County to redeem the outstanding principal of the 2010 Bonds on any date after the occurrence of a Determination of Ineligibility. A Determination of Ineligibility includes four events, one of which is "(iii) the federal government reduces the Build America Bonds direct payment percentage with retroactive applicability to bonds (including the 2010 Bonds) issued prior to the date of the reduction of such direct payment." On about May 13, 2013, the County received a notice from the Department of Treasury, Internal Revenue Service, that the Build America Bonds direct payment amount for the June 1, 2013 interest payment on the 2010 Bonds would be reduced by 8.7%. The County has received the reduced Build America Bonds Direct payment, in the reduced percentage for the 2010 Bonds June 1, 2013 interest payment. The Board hereby finds that the above described Determination of Ineligibility has occurred.

Section 2. Authority. Under and pursuant to the provisions of Minnesota Statutes, Chapter 475 (the "Act") and Section 475.67, Subdivisions 1 through 4 of the Act, the County is authorized to issue and sell its general obligation bonds to refund obligations and the interest thereon before the due date of the obligations, if consistent with covenants made with the holders thereof, when determined by the County to be necessary or desirable for the reduction of debt service cost to the County or for the extension or adjustment of maturities in relation to the resources available for their payment.

Section 3. The Bonds. The Board hereby finds and determines that it is necessary and desirable that in order to reduce debt service costs the County issue, sell and deliver its General Obligation Capital Improvement Refunding Bonds, Series 2013D (the "Bonds"), in the approximate amount of \$6,015,000, to provide for the refunding of the 2013 through 2025 maturities of the 2010 Bonds and payment of the costs of issuance of the Bonds.

Section 4. Notice of Sale. The County's administrative staff is hereby authorized and directed to work with Springsted Incorporated, financial advisor to the County, and Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel, to solicit proposals and arrange for the sale of the Bonds in substantial compliance with the Terms of Proposal attached hereto as Exhibit A. Each and all of the terms and provisions set forth in the Terms of Proposal are adopted and confirmed as the terms and conditions of the Bonds and the sale thereof. Due to a rapidly changing bond market, the County Auditor, after consulting with the County's financial advisor and bond counsel, is authorized to modify the Terms of Proposal prior to accepting the proposals, including but not limited to rescheduling the sale or cancelling the sale. The proposals shall be received by Springsted Incorporated until 11:30 a.m. central time on August 5, 2013, and consideration for the award of the Bonds will be by the Board at 10:30 a.m. central time on August 6, 2013.

Section 5. Repayment of Bonds. The form, specifications and provisions for repayment of the Bonds shall be set forth in a subsequent resolution of the Board.

Section 6. Consideration of Proposals. The Board shall meet on August 6, 2013, in accordance with the Terms of Proposal, to consider proposals for the purchase of the Bonds and to take whatever actions are necessary for the acceptance or rejection of the proposals.

Adopted: July 2, 2013.

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## EXHIBIT A

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

### TERMS OF PROPOSAL

**\$6,015,000\***

**ST. LOUIS COUNTY, MINNESOTA**

**GENERAL OBLIGATION CAPITAL IMPROVEMENT REFUNDING BONDS, SERIES 2013D**

**(BOOK ENTRY ONLY)**

Proposals for the Bonds and the Good Faith Deposit (“Deposit”) will be received on Monday, August 5, 2013, until 11:30 A.M., Central Time, at the offices of Springsted Incorporated, 380 Jackson Street, Suite 300, Saint Paul, Minnesota, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the County Board at 10:30 A.M., Central Time, of the following day, Tuesday, August 6, 2013.

### SUBMISSION OF PROPOSALS

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

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

**OR**

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

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

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\* Preliminary; subject to change.

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

#### DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2014. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

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

2014	\$435,000	2017	\$475,000	2020	\$500,000	2023	\$535,000
2015	\$470,000	2018	\$480,000	2021	\$510,000	2024	\$555,000
2016	\$470,000	2019	\$490,000	2022	\$525,000	2025	\$570,000

\* *The County reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread is the differential between the price paid to the County for the new issue and the prices at which the securities are initially offered to the investing public.*

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

#### BOOK ENTRY SYSTEM

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

#### REGISTRAR

The County Auditor of the County will serve as registrar.

#### OPTIONAL REDEMPTION

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

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

#### SECURITY AND PURPOSE

The Bonds will be general obligations of the County for which the County will pledge its full faith and credit and power to levy direct general ad valorem taxes. The proceeds will be used to refund in advance of maturity the December 1, 2014 through December 1, 2025 maturities of the County's Taxable General Obligation Capital Improvement Bonds, Series 2010A (Build America Bonds – Direct Pay), dated December 9, 2010.

#### BIDDING PARAMETERS

Proposals shall be for not less than \$5,966,880 plus accrued interest, if any, on the total principal amount of the Bonds.

No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

#### GOOD FAITH DEPOSIT

Proposals, regardless of method of submission, shall be accompanied by a Deposit in the amount of \$60,150, in the form of a certified or cashier's check, a wire transfer, or Financial Surety Bond and delivered to Springsted Incorporated prior to the time proposals will be opened. Each bidder shall be solely responsible for the timely delivery of their Deposit whether by check, wire transfer or Financial Surety Bond. Neither the County nor Springsted Incorporated have any liability for delays in the transmission of the Deposit.

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

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

Wells Fargo Bank, N.A., San Francisco, CA 94104  
ABA #121000248  
for credit to Springsted Incorporated, Account #635-5007954  
Ref: St. Louis County, MN Series 2013D Good Faith Deposit

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

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

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

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

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the County. The County's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

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

#### BOND INSURANCE AT PURCHASER'S OPTION

The County has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's Proposal. The County specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the County. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the County) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

#### CUSIP NUMBERS

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

#### SETTLEMENT

On or about September 5, 2013, the Bonds will be delivered without cost to the purchaser through DTC in New York, New York. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the County or its designee not later

than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the County, or its agents, the purchaser shall be liable to the County for any loss suffered by the County by reason of the purchaser's non-compliance with said terms for payment.

#### CONTINUING DISCLOSURE

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

#### OFFICIAL STATEMENT

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

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the County with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded up to 25 copies of the Official Statement and the addendum or addenda described above. The County designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the County (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated July 2, 2013

BY ORDER OF THE COUNTY BOARD

/s/ Kevin Gray  
County Administrator

## **Introduction - St. Louis County Capital Improvement Program for Fiscal Years FY 2013 – FY 2017**

Each year, as an integral part of its annual budget process, St. Louis County updates its Capital Improvement Program plan. The Capital Improvement Program (CIP) is a plan that matches the county's major capital needs regarding long-term physical asset development with the financial ability to meet these needs in a manner that attempts to better ensure the effective and efficient provision of government services and operations while maintaining a strong county infrastructure. The county's CIP identifies projects that have been designed to support existing or projected needs in the following areas: transportation infrastructure (roads and bridges), county facilities, land improvement/development/acquisition, equipment purchases, and technology. CIP projects require a total expenditure of at least \$100,000 and must provide for or extend the useful life of the asset for at least 5 years.

The CIP is vital to the county because it is the principal planning tool designed, and utilized strategically, to achieve growth and development as envisioned in the county's Departmental Business Plans. The county strives to balance debt issuance with current property tax levels for capital projects in a concerted effort to minimize tax burden while at the same time better aligning the organization to meet the ever changing demands placed upon local governments.

In so doing, the county maintains its strong financial standing with an assigned "Aa2" rating from Moody's Investor Services, which has been achieved on all bonds since 2005. Further, the county continually strives to more effectively and completely integrate its capital and operating budgets; as such it is as a tool to balance capital needs and associated operating cost implications.

Through a detailed process of prioritization, project selection, and implementation detail, the CIP serves to guide the use of the limited resources that are available for capital projects. By providing a planned schedule, cost estimates, location of public sector improvements, project rationale, operating budget implications, and energy conservation considerations, the CIP provides local elected officials and the public with valuable information concerning proposed public facilities, transportation infrastructure, technology and capital equipment needs and their associated costs; while at the same time providing private sector decision makers with valuable information upon which to base investment decisions. Ultimately, the county will benefit from the coordination of orderly and efficient programs of private and public investment intended to maximize outside revenue sources and effectively plan for the growth and maintenance of the county's infrastructure.

### **Goals of the CIP**

The CIP is prepared in consideration of two major goals:

1. To address the County's immediate and long-term capital needs, the CIP is guided by the following priorities, which were adopted by the County Board of Commissioners in 2007:

- Maintaining a strong county infrastructure (buildings, equipment, information infrastructure and personnel) in order to protect the County's investment.
- Expanding the tax base in a way that will benefit the health and well-being of citizens.
- Managing and encouraging orderly growth in coordination with other units of government and the private sector to promote a healthy local economy.
- Providing County services in the most efficient, effective and safe manner.

- Maintaining and improving a healthy, viable ecosystem and the community's quality of life.

2. To explore all feasible funding sources (as time and resources permit) in order to finance the County's capital needs.

Funding Priorities: Projects with the following characteristics are given priority for funding:

- Maintenance and/or improvement of the county's infrastructure
- Enhancement of County service delivery.
- Public health and public safety – prevents or corrects a major health or safety hazard.
- Legal requirements – clearly demonstrates a mandate by State or Federal law.
- Economic development – directly increases net annual revenues and creates indirect community wealth, i.e. jobs, business retention, etc.
- Budget impact – reduces operating costs or is eligible for available funding sources.
- Relationship to other projects – completes a project that is underway or advances the effectiveness of another project.
- Implementation of Business Plans or governing body policies – directly referenced in existing plan or policy or is essential to the implementation of programs adopted by the Board of Commissioners.
- Joint use – combines two or more projects resulting in immediate or future savings.

### **Relationship of the CIP to the Operating Budget**

The operating budget and the CIP are closely related. The CIP is a plan that matches the County's major capital needs with the financial ability to meet them. As a plan, it is subject to change, however, a sound and reliable CIP is an invaluable planning tool that serves to aid the process of maintaining the good financial health of the County. That said, the CIP remains a living document that provides a constant reference point for broad ranging organizational discussions relating to the intrinsic relationship of capital infrastructure to the operation and mission of the county as expressed in the exploration of program and service delivery modalities, the increasing need for organizational efficiencies, downward budgetary pressures from state and federal sources, and increased burdens on tax payers. As local governments are forced to evolve in a climate trending toward increasing budgetary restriction, the continued refinement of strategies that integrate all elements of an organization into any decision-making matrix is paramount to the effective provision of government services in this day and age.

CIP projects that are proposed to be funded by General Fund revenues are intended to be included in the Budget in the appropriate year(s). Even so, because circumstances may change between the adoption of the CIP and the Budget, CIP projects must be resubmitted as part of each department's annual budget request, a step which promotes additional review of project details in light of new budget realities. Funds for such projects are not available unless and until they are included in the budget approved by the County Board of Commissioners.

The completion of capital projects directly impacts a department's operating budget as projects are completed and require maintenance and upkeep. Also, some facilities may require additional staffing and utilities, such as electricity and water, above current levels. Or, conversely, some departments may find that capital investments will positively impact their operating budget through energy conservation, strategic co-locations, and other operational impacts that influence how departmental resources are utilized. County-wide strategies which are moving the organization toward energy efficiency, co-located departments, consolidated

customer service centers, and the like are continually influencing CIP decision-making in a manner that seeks to improve rather than detract from operational budgets. Said impacts may not be readily evident when projects are funded and are constructed over several years. Consequently, the impacts of capital projects on the annual operating budget are estimated when available. Most projects will not have an operating impact in the year during which they are funded, thus continual tracking of associated costs on operations due to completed CIP projects feeds back into the decision-making process on CIP projects under consideration. Efforts in the area of tracking project cost payback due to energy efficiencies or other cost saving measures, which have been engineered into a CIP project, can prove to be a cost-saving measure for the county over time. Additionally, over the past two years the county has been implementing an asset management system to define and provide estimates for infrastructure needs to further aid in the development of a capital investment strategy that reduces operating costs over time while maximizing the direct impact of project funding.

### **CIP Strategy, Review & Adjustment**

In an effort to further the integration of capital and operating budgets while defining appropriate levels of capital infrastructure investment, St. Louis County Administration Department has worked together with the Auditor's Office, Sheriff's Office, Public Works, Property Management, IT, Land and Minerals, Environmental Services and the Planning & Development departments to strategically improve the CIP process by bringing it into closer alignment with overall county strategies as represented in the Board of Commissioner's key priority areas as stated above.

Over the past year, strategic CIP efforts have included:

- Working with Public Works to streamline its CIP submission process by building on their 10-year State Transportation Improvement Plan, developing a new project submission form that aligns with their road and bridge asset management system, and implementing a common asset management system for facilities that includes Facility Condition Index ratings for each facility as a key facility performance indicator county-wide. In 2012, Public Works inventoried half of its buildings and plans to complete the rest in 2013. Property Management will run asset management system for all Property Management and Public Works facilities.
- Working with Property Management more closely on submissions so that prioritization, energy efficiency, building life cycle management, facility integrity, departmental lease costs (for office space), co-locations of departments/functions, safety/security, and project decision-making happens in advance of bonding cycles and in-line with broad county facility goals. As mentioned above, the county purchased and implemented an asset management system that assists the Property Management Department (and other participating county departments with facilities) to more effectively track and measure facility and system life cycles, manage energy consumption and measure facility efficiency, replacement and/or improvement cost. This system will in turn promote more effective alignment of capital improvement needs with operating budget realities by providing a tool to measure the impact of capital investment on facility integrity and departmental operational budgets.
- Working with the Auditor's Office to continue to improve the information collected as part of the annual update to the CIP so as to provide the most solid basis for bond work possible.

- Working with the IT and Planning departments to include a technology section for the first time in the CIP, this inclusion provides for large-scale infrastructure projects and systems such as our Land Records Portal.
- Working with all departments on CIP submission to enhance the information provided.
- County Administration has been working closely with departments to identify more customer friendly interface options for county facilities, which would serve to ensure public and employee safety, create a welcoming center for the delivery of county services, promote inter-departmental synergies across like or complimentary service areas, and provide for more effective and efficient utilization of current county facilities. Such projects include the Public Health and Human Services Department's centralized client in-take centers (Duluth, Virginia, Hibbing), the property/planning/records/taxation customer center (Virginia), and other projects that encourage collaboration and enhance customer service.
- Changes in the CIP submission form included the addition of Energy Conservation Considerations, a building Facility Condition Index rating, project payback information, project prioritization and rationale, and an asset life cycle determination for all projects related to facilities.
- Additional strategic CIP submission form changes include the requirement to provide the date of the last project cost estimate update to ensure more accurate cost estimation or to trigger the cost estimate updates; and guidance to county departments to select "other" as the funding sources on the form to trigger discussion on potential funding sources, strategies, and other considerations at present undefined.

### **Financial Assumptions**

The FY 2013- FY 2017 CIP has been prepared with the following financial assumptions:

- A bond issuance in mid 2013 is currently being planned and, when issued, will include financing for new construction and building upgrades.
- All contributions from the General Fund have been incorporated into forecasted budgets for 2013. Projects funded through contributions from the General Fund include transportation and operations infrastructure (buildings, roads, communications tower). The planned contributions are included in the five year projection for financial planning purposes. However, funds for such projects will not be available unless and until they are approved by the Board of Commissioners. As such, contributions to specific projects in later years are subject to change.

### **Criteria for Inclusion in the CIP**

#### **Conformance with Chapter 383C**

Chapter 383C of the Minnesota State Statutes contains laws that are specific to St. Louis County. In 1989, the legislature amended this chapter by including a provision allowing St. Louis County to develop and implement a capital improvement program. The 2013-2017 Capital Improvement Program is intended to fulfill this statutory authority.

### **Conformance with Chapter 373.40 Criteria**

Chapter 373.40 requires the County to prepare its capital improvement program (CIP) consistent with the eight criteria contained in Section 2, Subdivision 3 of Chapter 373.40. The information required is summarized below for each of the eight criteria.

### **Condition of the County's Infrastructure**

St. Louis County's infrastructure includes roads and bridges, three court houses, office buildings, highway maintenance facilities, and landfill service stations and the like totaling 170 structures, 3,000 miles of road and 601 bridges. The condition of the infrastructure is reviewed on an annual basis. The CIP contains several projects that are intended to upgrade and preserve these facilities in-line with the Board of Commissioner's strategic focus area *Strong County Infrastructure*. Additionally, proactive management, upgrade and maintenance of county facilities directly translates to cost-savings overall when facilities and infrastructure investments are planned and implemented as part of an overall county asset management strategy.

### **The Likely Demand for the Improvement**

All the improvements proposed in the CIP have been evaluated for alternative actions including the "do nothing" alternative. Also, the CIP projects for each department are reviewed by the County Administrator's Office to ensure that each project is designed to meet a future demand of the public and the county. County efforts to develop and implement broad infrastructure improvements are continually refined in light of overall budget strategies, staffing and service efficiencies, asset condition/life cycle, energy efficiency, existing long-range plans, present cost-effectiveness, projected financial implications, and Board of Commissioner's key priority areas.

### **Estimated Costs of the Improvements**

The County's CIP process requires each project's cost estimate to be as accurate as possible at the time the project is proposed and, additionally, that a project description form be submitted with each project estimate. The process requires annual review and updating of each non-capital budget item. The continual review of project cost estimates, as a practice, is a critical component of the county's strategy for CIP decision-making and implementation. On-going collaborative planning between Administration and other county departments will be further enhanced by the integration of the county's new facility asset management system into the cost estimation process made possible by virtue of system tools and data informed by continually updated *RS Means* construction cost estimation matrix (market based national construction cost index).

### **Available Public Resources**

St. Louis County has examined all potential funding alternatives to each proposed project, and has carefully protected its ability to borrow funds for infrastructure projects. The County's low level of direct debt is evidence of the success of this policy. The County Board reviews the level of direct debt on a regular basis and strives to maintain direct debt at a consistently low level. Additional consideration has been and will continue to be given to expanded bonding opportunities and strategies, which may, in turn, provide for accelerated project implementation in cases where current market conditions matched with internal county operational strategies and infrastructure requirements may indicate a favorable congruence for such investment initiatives.

### **The Level of Overlapping Debt in St. Louis County**

The CIP contains information required by Subdivision 3 of Chapter 373.40, and the process is mindful of the impacts of overlapping debt. The CIP process includes an analysis of the financial and property tax ramifications for all projects proposed for general obligation bond funding.

### **Relative Costs and Benefits of Alternative Uses of Funds**

The CIP process requires each department to evaluate alternatives to the proposed project, as well as alternative funding for each identified project option. The CIP process further requires that the County Administrator's Office review all proposed projects to ensure that the financing options are viable and all encompassing. All projects are evaluated for lease financing versus other financing options. The county's capital infrastructure needs exceed available resources, and the county is always forced to make choices among numerous projects. Thus, careful consideration of county-wide as well as departmental priorities and strategies are a must, and as currently expressed, the CIP process allows for an open debate of the relative costs and merits of each major project. During said debates, alternative means of producing the resources necessary to complete a given project may emerge as a viable alternative to the use of bond proceeds for capital improvements.

### **Operating Costs of the Proposed Improvements**

The CIP process requires that each department and the County Administrator's Office examine the estimated annual operating cost for each proposed project. Projects are reviewed for their impacts on utility costs, employee safety and productivity, number of employees, and any other factor that would have a negative impact on the County's general fund or require substantial increases in fees charged to facility users. County Administration continually strives to align capital improvement needs with the regular operations of the county as an organization. The impact of capital projects on the operating budget can be severe and as such Administration works to thoroughly examine all impact areas and to develop viable methods to provide for the impact of said projects; and, in some case, to eliminate projects from the CIP due to adverse and/or cost-ineffective project proposals. Throughout the project review process, deference is given to the tempering impacts of current budgetary realities, overarching strategies and priorities of elected officials, current departmental business plans, and defined needs in light of all of the preceding elements.

### **Alternatives for Providing Services More Efficiently Through Shared Facilities with Other Counties or Local Units of Government**

The CIP process requires each department to examine alternatives that involve the use of shared facilities. The County Administrators' Office provides a final review to ensure that each CIP and annual capital budget item has been thoroughly reviewed for use with existing facilities in other governmental jurisdictions, and for opportunities for sharing new facilities.

The county is continuing to seek methods to improve inter-departmental synergies for internal management and external service functions, and has been making great strides in this direction over the last year. Property Management, with its asset management system is working to eventually include all county facilities such as those serving Public Works, Land & Minerals, and Environmental Services departments' functions/needs. As a policy, the St. Louis County Board of Commissioners has directed the county Property Manager to work toward housing all county departments in county facilities. The cost-benefit analysis of using external leases versus housing county departments in county facilities has shown that the latter is more cost-effective for the tax-payers of St. Louis County. With the planned Duluth Government Service Center remodel, the goal of eliminating leases and centrally locating county services will be

accomplished for offices/services in Duluth, and only the remodel of the Northland Office Center in Virginia will remain to fully meet this policy directive.

## **St. Louis County 2013-2017 Capital Improvement Program**

### **Procedures**

For each proposed capital improvement project, departments are required to complete a CIP inventory form. These forms provide both general background information pertaining to the projects and detailed information, which is used to evaluate the projects. The projects are compiled by the county administrator's office. Using the inventory forms as a basis for its review, the county administrator produces a preliminary list of items. Final approval and authorization comes from the county board.

In order to provide direction and conformity in compiling the CIP, it is essential that policies and guidelines are identified to direct county decisions regarding physical improvements and the sources of funding to be utilized. In prior budgets and related documents, the St. Louis County Board has identified the following policies regarding capital budgeting:

### **Capital Improvement Budget Policies**

- The county makes all capital improvements in accordance with an adopted capital improvement program.
- The county develops a multi-year plan for capital improvements and updates it annually.
- The county enacts an annual capital budget based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in population, real estate development, or economic base are reviewed and included in capital budget projections.
- The county coordinates development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements are projected and included in operating budget forecasts.
- The county uses intergovernmental assistance to finance only those capital improvements that are consistent with the adopted capital improvement plan and county priorities in which operating and maintenance costs have been included in operating budget forecasts.
- The county maintains its assets at a level adequate to protect its capital investment and minimize future maintenance and replacement costs.
- County staff identifies the estimated costs and potential funding sources for each capital project proposal before it is submitted to the county board for approval.
- Expenditures must be a minimum of \$100,000.
- Equipment purchases must have a minimum life of five years.
- The county determines the least costly financing method for all new county projects.
- Each capital project should be fully justified in terms of reducing operating costs, improving quality or quantity of service, adhering to appropriate regulations, protecting the health and safety of employees or clients, or meeting a clearly demonstrated demand for a service.
- There should be a thorough review of alternative actions to the proposed project including the development of shared facilities, the use of non-county services or methods to meet the need, or the use of non-capital alternatives.
- Each capital project should be reviewed to determine the amount of coordination required between county departments and with non-county agencies to implement the project.
- Projects should be evaluated regarding possible deferment to a later date if such action would not adversely affect the program.
- All auxiliary costs, such as site development, utilities, or parking, must be considered as

part of the capital project.

- With the exception of the Land & Minerals, Environmental Services, and Public Works departments, the Property Management Department will serve as the Capital Improvement Construction Management Unit for county facilities in St. Louis County. All Department of Public Works road and bridge projects will be managed by the department of Public Works in coordination with the Administrator's Office. All departments are instructed to coordinate capital improvement projects with the Director of Property Management.

### **Debt Policies**

- The county maintains its ability to support current debt and incur additional debt at minimal interest rates and in the amounts required for infrastructure and other capital assets without endangering the ability of the county to finance essential services.
- Projects should be evaluated regarding possible deferment to a later date if such action would not adversely affect the program.
- Debt is used sparingly and only after other means of financing are fully investigated.
- No debt which becomes an obligation of the county or any of its agencies may be issued for a term longer than the reasonably expected useful life of the asset being funded, but in no event for longer than 20 years for real property or 5 years for equipment.
- The proceeds of all debt issues must be expended in compliance with all applicable state and federal laws and rules and in conformity with all covenants of the issue. Such laws, rules, and covenants must be strictly construed.
- No debt may be issued to fund normal operations of the county or any of its agencies. This does not exclude the possibility of issuing Tax Anticipation Notes as a financial and investment strategy.
- Debt must not be issued in excess of any statutory limit. The county must strive to keep the total debt burden of the county when measured as a percent of taxable market value from exceeding the median of similarly sized counties in the nation based upon figures available at the time of authorizing the issuance.
- Property tax supported debt including capital notes must not be issued beyond the point where annual debt service levy demands exceed 10% of the property tax levy (including HACA and disparity aid).
- The county must avoid, where possible, the issuance of general obligation debt by utilizing available funds, reserves, and revenue or other types of issues.

### **CIP Process**

The CIP process begins at the beginning of the year (January) with a request to county departments for modifications, updates, additions or deletions from the previous CIP as part of the budget process. Detailed instructions for submission are provided by the Administration Department to guide the preliminary submission process, and, once complete, are followed up by in-depth project discussions, board workshop(s), public hearing and formal adoption of the CIP (updated) each winter.

### **Implementation Rate**

Not all projects included in the 2013 capital budget will be completed during the budget year. Many projects require coordination with other agencies and businesses. St. Louis County accounting policies allow for carry forward of encumbered funds to allow for completion of projects started in one year but not finalized.

## CIP Format

The 2013-2017 Capital Improvement Program is comprised of four major areas for capital improvement: roads and bridges, equipment, facilities, and technology. The project description form provides a brief description of the project and its location, the underlying purpose and justification for the project, estimated impacts on the operating budget, energy conservation considerations (if applicable), implementation details (date), funding source, cost breakdown and total project cost (estimates).

## 2013-2017 CIP by Category & Department

### Facilities Capital Projects

Projects initiated under this category include improvements aimed at maintaining the life and integrity of all county-owned facilities, reducing operating or maintenance costs through initiatives such as energy efficiency projects, acquiring new/additional office space, providing a safe and productive work environment, and ensuring safe access for the public.

The following table shows the planned contributions to capital projects:

PROPERTY MANAGEMENT	FY2013	FY2014	FY2015	FY2016	FY2017
Downtown Duluth Parking Lot Repair	0	550,000	0	0	0
GSC Remodel & Infrastructure Repair	22,000,000	0	0	0	0
North Rescue Squad Storage & Office Facilities	0	250,000	250,000	250,000	250,000
GSC Exterior Repairs & Windows	0	0	0	0	1,300,000
Jail Energy Upgrades - Phase II	240,000	0	0	0	0
Jail Security Control Upgrade - Hibbing	105,000	0	0	0	0
Capital Improvements Dictated by Asset Mgmt System	2,170,623	1,317,266	3,000,051	1,902,249	1,221,959
Public Safety Storage Facility	0	0	0	0	700,000
Hibbing Courthouse & Annex Controls	485,000	0	0	0	0
Northland Office Building Remodel	0	0	9,000,000	0	0
Safety Building Remodel	150,000	250,000	150,000	150,000	250,000
Virginia Motor Pool Car Building	2,000,000	0	0	0	0
Hibbing Courthouse AC Unit Replacement	0	0	0	0	500,000
<b>TOTAL PROP. MGMT</b>	<b>27,150,623</b>	<b>2,367,266</b>	<b>12,400,051</b>	<b>2,302,249</b>	<b>4,221,959</b>

Sources of revenue include property tax, fees, interest earnings, unrestricted grants and aids, and other forms of unrestricted local income. Actual expenditures are based on the costs of the projects and the use of carry-over balances.

### Solid Waste Projects

The Solid Waste Fund accounts for the management and operations of solid waste activities in St. Louis County outside of the Western Lake Superior Sanitary District Service area. This department is now called the Environmental Services Department. The fund includes general management of solid waste activities, recycling, canister sites, transfer stations, demolition facilities, household hazardous waste, and landfill operations.

The CIP projects for this category include:

ENVIRONMENTAL SERVICES	FY2013	FY2014	FY2015	FY2016	FY2017
Landfill Gas Collection & Mgmt. System - Virginia	0	150,000	575,000	1,185,000	0
Leachate Field Expansion - RLF - Virginia	0	900,000	0	0	0
Household Hazardous Waste - Virginia	150,000	50,000	0	0	0
<b>TOTAL ENVIRONMENTAL SERVICES</b>	<b>150,000</b>	<b>1,100,000</b>	<b>575,000</b>	<b>1,185,000</b>	<b>0</b>

Adequate cash flows are available in the Solid Waste Fund accounts to deliver the projects shown. The Environmental Services Department has provided cash flow analyses for the revenue that tie to each project.

### Land & Minerals Department

The Land & Minerals Department manages tax forfeited trust lands for St. Louis County maximize forest health and productivity and to optimize revenue-generating capabilities. Proposed projects include:

LAND & MINERALS	FY2013	FY2014	FY2015	FY2016	FY2017
Virginia Land Office Space Addition	0	276,000	0	0	0
<b>TOTAL LAND &amp; MINERALS</b>	<b>0</b>	<b>276,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Communications

The Sheriff's Office - Communications Division is responsible for Public Safety Wireless Voice Communications throughout the County. The Federal Communications Commission has mandated that all VHF and UHF licensees meet new narrowband requirements by December 31, 2012 forcing the replacement of all of St. Louis County and partner agency communications infrastructure and end user equipment.

COMMUNICATIONS	FY2013	FY2014	FY2015	FY2016	FY2017
Wireless Communication Systems Infrastructure Upgrade	1,100,000	0	0	0	0
<b>TOTAL COMMUNICATIONS</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Technology

The 2010 CIP includes a section on planned technology investments submitted by the Information Technology (IT) Department and the Planning and Development Department.

TECHNOLOGY PROJECTS	FY2013	FY2014	FY2015	FY2016	FY2017
Primary DC/Backup SAN Upgrade	0	150,000	0	0	0
IT/GIS Enterprise Geo Data Interface	0	0	275,000	0	0
IT/GIS Enterprise GEO Data Infrastructure	300,000	300,000	300,000	0	0
IT Enterprise Network & Infrastructure	0	100,000	0	0	0
<b>TOTAL TECHNOLOGY PROJECTS</b>	<b>300,000</b>	<b>550,000</b>	<b>575,000</b>	<b>0</b>	<b>0</b>

## Public Works Building Improvements

These projects consist of constructing or maintaining the garages, shops and support facilities used by the Public Works Department in performing road and bridge construction and maintenance activities. They are aimed at reducing the operating and maintenance costs through energy savings, extending the lives of the facilities, and reducing the degradation to facilities.

PUBLIC WORKS	FY2013	FY2014	FY2015	FY2016	FY2017
Repair Pike Lake Cover-All Building	200,000	0	0	0	0
Virginia 911 Renovation	200,000	0	0	0	0
Pike Lake Floor Drain Project	125,000	0	0	0	0
4th District Facility	0	4,000,000	0	0	0
Virginia Wash Bay	0	550,000	0	0	0
Maintenance Painting Vir, Hib, LG, JD, shops	0	125,000	0	0	0
Maintenance as dictated by Asset Mgmt System	442,000	375,000	500,000	500,000	500,000
<b>TOTAL PUBLIC WORKS</b>	<b>967,000</b>	<b>5,050,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

## Public Works Road and Bridge

Projects under this category are road construction, maintenance overlays, and bridge construction and repairs financed through various sources including local funds, state and federal aid.

St. Louis County is responsible for over 3,000 miles of road and 601 bridges over ten feet in length. The St. Louis County Public Works Department annually updates their 10-Year Project Plan of all construction and repairs projects. Projects are completed either by county Road and Bridge Maintenance crews or through a competitive bidding process. State and federal funding for St. Louis County averages over \$15,000,000 per year. Projects open for bid, under construction, or completed in the current year can be reviewed on the Public Works Department home page at <http://www.stlouiscountymn.gov/GOVERNMENT/DepartmentsAgencies/PublicWorks.aspx>.

PUBLIC WORKS/ROAD & BRIDGE	FY2013	FY2014	FY2015	FY2016	FY2017
Road and Bridge Projects	45,733,458	30,148,175	22,793,200	18,982,000	15,150,000
<b>TOTAL PUBLIC WORKS/R&amp;B</b>	<b>45,733,458</b>	<b>30,148,175</b>	<b>22,793,000</b>	<b>18,982,000</b>	<b>15,150,000</b>

## 2013-2017 CAPITAL IMPROVEMENTS PROGRAM SUMMARY

DEPARTMENT	2013	2014	2015	2016	2017	TOTAL
<b>COMMUNICATIONS</b>						
Wireless Communication Systems Infrastructure Upgrade	1,100,000	0	0	0	0	1,100,000
<b>TOTAL COMMUNICATIONS</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,100,000</b>
<b>LAND</b>						
Virginia Land Office Space Addition	0	276,000	0	0	0	276,000
<b>TOTAL LAND</b>	<b>0</b>	<b>276,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276,000</b>
<b>PROPERTY MANAGEMENT</b>						
Downtown Duluth Parking Lot Repair	0	550,000	0	0	0	550,000
GSC Remodel & Infrastructure Repair	22,000,000	0	0	0	0	22,000,000
North Rescue Squad Storage & Office Facilities	0	250,000	250,000	250,000	250,000	1,000,000
GSC Exterior Repairs & Windows	0	0	0	0	1,300,000	1,300,000
Jail Energy Upgrades - Phase II	240,000	0	0	0	0	240,000
Jail Security Control Upgrade - Hibbing	105,000	0	0	0	0	105,000
Capital Improvements Dictated by Asset Mgmt System	2,170,623	1,317,266	3,000,051	1,902,249	1,221,959	9,612,148
Public Safety Storage Facility	0	0	0	0	700,000	700,000
Hibbing Courthouse & Annex Controls	485,000	0	0	0	0	485,000
Northland Office Building Remodel	0	0	9,000,000	0	0	9,000,000
Safety Building Remodel	150,000	250,000	150,000	150,000	250,000	950,000
Virginia Motor Pool Car Building	2,000,000	0	0	0	0	2,000,000
Hibbing Courthouse AC Unit Replacement	0	0	0	0	500,000	500,000
<b>TOTAL PROP. MGMT</b>	<b>27,150,623</b>	<b>2,367,266</b>	<b>12,400,051</b>	<b>2,302,249</b>	<b>4,221,959</b>	<b>48,442,148</b>
<b>TECHNOLOGY PROJECTS</b>						
Primary DC/Backup SAN Upgrade	0	150,000	0	0	0	150,000
IT/GIS Enterprise Geo Data Interface & Applications	0	200,000	100,000	100,000	100,000	500,000
IT/GIS Enterprise GEO Data Infrastructure	0	100,000	100,000	400,000	100,000	700,000
<b>TOTAL TECHNOLOGY PROJECTS</b>	<b>0</b>	<b>450,000</b>	<b>200,000</b>	<b>500,000</b>	<b>200,000</b>	<b>1,350,000</b>

DEPARTMENT (CONTINUED)	FY2013	FY2014	FY2015	FY2016	FY2017	TOTAL
<b>PUBLIC WORKS</b>						
Repair Pike Lake Cover-All Building	200,000					200,000
Virginia 911 Renovation	200,000					200,000
Pike Lake Floor Drain Project	125,000					125,000
4th District Facility		4,000,000				4,000,000
Virginia Wash Bay	0	550,000	0	0	0	550,000
Maintenance Painting Vir, Hib, LG, JD, shops	0	125,000	0	0	0	125,000
Maintenance as dictated by Asset Mgmt System	442,000	375,000	500,000	500,000	500,000	2,317,000
<b>TOTAL PUBLIC WORKS</b>	<b>967,000</b>	<b>5,050,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>7,517,000</b>
<b>PUBLIC WORKS/ROAD &amp; BRIDGE</b>						
Road and Bridge Projects	45,733,458	30,148,175	22,793,200	18,982,000	15,150,000	132,806,833
<b>TOTAL PUBLIC WORKS/R&amp;B</b>	<b>45,733,458</b>	<b>30,148,175</b>	<b>22,793,000</b>	<b>18,982,000</b>	<b>15,150,000</b>	<b>132,806,833</b>
<b>ENVIRONMENTAL SERVICES</b>						
Landfill Gas Collection & Mgmt. System - Virginia	0	150,000	575,000	1,185,000	0	1,910,000
Leachate Field Expansion - RLF - Virginia	0	900,000	0	0	0	900,000
Household Hazardous Waste - Virginia	150,000	50,000	0	0	0	200,000
<b>TOTAL ENVIRONMENTAL SERVICES</b>	<b>150,000</b>	<b>1,100,000</b>	<b>575,000</b>	<b>1,185,000</b>	<b>0</b>	<b>3,010,000</b>
<b>TOTAL ALL DEPARTMENTS</b>	<b>76,068,081</b>	<b>39,391,441</b>	<b>36,468,051</b>	<b>23,469,249</b>	<b>20,071,959</b>	<b>194,501,981</b>

## 2013 – 2017 SUMMARY OF REVENUES BY DEPARTMENT

### PROPERTY MANAGEMENT DEPARTMENT/FACILITIES

Department/Type	FY2013	FY2014	FY2015	FY2016	FY2017
<b>Property Management/Facilities</b>					
Property Tax	3,150,623	2,367,266	3,400,051	2,303,249	2,921,959
Bonding	22,000,000	0	9,000,000	0	1,300,000
Federal/State	0	0	0	0	0
Other	2,000,000	0	0	0	0
<b>Total</b>	<b>27,150,623</b>	<b>2,367,266</b>	<b>12,400,051</b>	<b>2,302,249</b>	<b>4,221,959</b>
<b>Environmental Services</b>					
Property Tax	0	0	0	0	0
Bonding	0	0	0	0	0
Federal/State	0	0	0	0	0
Other	150,000	1,100,000	575,000	2,205,000	0
<b>Total</b>	<b>150,000</b>	<b>1,100,000</b>	<b>575,000</b>	<b>2,205,000</b>	<b>0</b>
<b>Land Department</b>					
Property Tax	0	0	0	0	0
Bonding	0	0	0	0	0
Federal/State	0	0	0	0	0
Other	0	276,000	0	0	0
<b>Total</b>	<b>0</b>	<b>276,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Communications</b>					
Property Tax	0	0	0	0	0
Bonding	0	0	0	0	0
Federal/State	0	0	0	0	0
Other	1,100,000	0	0	0	0
<b>Total Communications</b>	<b>1,100,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Technology</b>					
Property Tax	0	0	0	0	0
Bonding	0	0	0	0	0
Federal/State	0	0	0	0	0
Other	0	450,000	200,000	500,000	200,000
<b>Total Technology</b>	<b>0</b>	<b>450,000</b>	<b>200,000</b>	<b>500,000</b>	<b>200,000</b>
<b>Public Works Facilities</b>					
Property Tax	967,000	1,050,000	500,000	500,000	500,000
Bonding	0	4,000,000	0	0	0
Federal/State	0	0	0	0	0
Other	0	0	0	0	0
<b>Total Public Works Facilities</b>	<b>967,000</b>	<b>5,050,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

<b>Revenues Continued</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>
<b>Public Works Road &amp; Bridge</b>					
Property Tax	8,453,692	7,757,670	6,835,000	6,966,200	5,750,000
Bonding	0	0	0	0	0
Federal/State	34,205,667	21,993,245	14,700,160	10,984,800	9,400,000
Other	3,074,099	397,260	1,258,040	1,031,000	0
<b>Total Public Works Road &amp; Bridge</b>	<b>45,733,458</b>	<b>30,148,175</b>	<b>22,793,200</b>	<b>18,982,000</b>	<b>15,150,000</b>

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**Saint Louis County, Minnesota**  
**Committee of the Whole**  
**Consideration of 2013 Bonding**

**May 7, 2013**

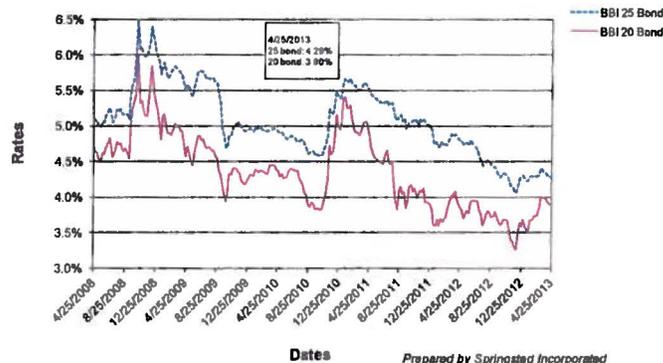
Terri Heaton, Senior Vice President, Client Representative

## Bonds Under Consideration

- Refunding Opportunities
  - Current Market
  - 2010A BABs Extraordinary Call
  - 2004A and 2005A Bonds Refundings
- Capital Improvement Bonds
  - Renovation of Government Services Center
- Capital Equipment Notes
  - Public Works and Sheriff's Equipment

## Interest Rates

**BBI 25-bond (Revenue) and 20-bond (G.O.) Rates for 5 Years  
Ending 4/25/2013**



## Build America Bonds-Bond Buyer

### 4/16/2013

- *Nearly \$188 billion of BABs were issued since they were created in 2009 as part of the American Recovery and Reinvestment Act.*

## Build America Bonds

### Items of note

*(Slide used at 2010 meeting- St Louis County)*

- Reimbursement process (2 payments per year, 15 years, 30 reimbursements from Treasury)
- Audit risk mitigated by competitive sale and size
- Risk of nonpayment mitigated by ability to use extraordinary call

## Build America Bonds (BABs) Refinancing Sequestration

### Official Statement Extraordinary Redemption Clause

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

## BABs Language

- Reviewed many extraordinary call provisions
- St. Louis County has the strongest language
- Drafted by Robert Toftey



## Saint Louis County Comparison of BABs Refunding Savings

	With Continued Reductions	With Reductions only in 2013
Savings	\$288,774	\$261,150
PV Savings	\$246,289	\$221,155
Savings as a % of Refunded Debt	3.70%	3.34%
Estimated True Interest Cost	1.74%	1.74%

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## Saint Louis County Comparison of BABs Savings

	Original Tax-Exempt (TE)	Original BABs	BABs after Cuts	BABs Ref. Cont. Cuts
TIC	2.91%	2.40%	2.47%	1.74%
Net Interest	\$1,682,212	\$1,371,109	\$1,417,251	\$1,128,477
PV Savings Over TE		\$311,103	\$264,961	\$553,735
PV Savings Over TE		\$266,069	\$222,391	\$ 468,680

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## Bond Buyer Article 4/16/2013

- *At least three issuers in the past few weeks have announced their intent to redeem Build America Bonds at par plus accrued interest because they believe the cuts in their federal subsidy payments under sequestration has triggered the extraordinary redemption provisions in their bond documents.*
  - *The Central Texas Regional Mobility Authority, an independent government agency created in 2002 in Austin to improve transportation in Williamson and Travis counties, announced in early March it would redeem \$45 million of BABs on June 5.*
  - *On April 2, Horicon, Wis. announced on April 2 their intent to redeem \$2.45 million of BABs that were issued in April 2010.*
  - *Monona, Wis. announced on April 9 that they would redeem \$7.6 million of BABs due to the 8.7% subsidy payments reduction from sequestration. When the city redeems the bonds, they will pay 100% of the principal amount plus accrued interest, according to an event notice filed.*

## Other Considerations

- Eliminate uncertainty of future reductions
- Eliminate federal reimbursement requests
- Legal exposure
- Forfeiture of federal reimbursement
- Combine with other offerings for additional savings

## Refunding Two CIP Bonds Series 2004A and 2005A

- **\$13,785,000 CIP Bond, Series 2004A**
  - Courthouse Improvements
    - Duluth Courthouse HVAC Upgrades, Phase II
  - Administrative Building Improvements
    - Duluth Government Services Center HVAC Replacement and Roof Repair; Hibbing Annex Building Remodeling
  - Health and Social Services Facilities Improvements
    - Including Chris Jensen Home Capital Repairs and Improvements
  - Road and Bridge Improvements
    - Including Duluth Motor Pool Facility and Ely Joint Maintenance Facility
  - Law Enforcement Center
    - New Sheriff's Office Administrative Building and 911 Dispatch Center

## Refunding Two CIP Bonds Series 2004A and 2005A

- **\$6,115,000 CIP Bonds, Series 2005A**
  - Courthouse Improvements
    - Preliminary Design Engineering for the Duluth Mechanical, Ventilation and Electrical System Upgrades, Phase III
  - Law Enforcement Center
    - Equipment for New Sheriff's Office, Administration Building and 911 Dispatch Center including Radio Communication Towers and Work Stations

## Details of Refundings

Description	2004A Refunding	2005A Refunding
Par Amount Required	\$6,590,000	\$2,955,000
Current average coupon	3.903%	3.81%
Refunding average coupon	0.81%	0.98%
Estimated TIC	0.966%	1.106%
PV Savings	\$608,027	\$215,295
Callable	12/1/2013 for 12/1/2014 maturities	12/1/2014 for 12/1/2015 maturities

## Refundings—Combined PV Savings Est.

Bond Issue	NPV Savings
2004A	\$608,027
2005A	\$215,295
BABs 2010A (cont. cuts)	\$246,289
<b>Total</b>	<b>\$1,069,611</b>

## Capital Improvement Plan Bonds

Renovation of Government Services Center

Project Costs \$24,000,000

Estimated Discount (1.3%) \$317,200

Costs of Issuance \$80,650

Rounding \$2,150

Total Bond Issue Size \$24,400,000

## Capital Improvement Plan Bonds

### MS 373.40

- Public hearing approving a capital improvement plan for a five-year period and the issuance of CIP bonds of a not to exceed amount
- Advertised 14 to 28 days before the public hearing
- 30-day reverse referendum following hearing
- Limited to 0.12% of taxable market value for aggregate CIP bond annual debt service.

## CIP Bonding Capacity

- Taxable Market Value 2012/2013 is \$14,545,032,989
- Annual debt service is limited to 0.12% or \$ 17,454,040
- Annual Aggregate CIP debt service for St. Louis County is estimated as follows:

- 2004A CIP bonds	\$1,238,260	Matures 12/1/2019
- 2005A CIP bonds	\$ 546,466	Matures 12/1/2020
- 2006A CIP crossover bonds	\$1,299,188	Matures 12/1/2016*
- 2008B CIP bonds	\$1,057,260	Matures 12/1/2023
- 2010A CIP bonds	\$ 565,610	Matures 12/1/2025
- 2013 CIP bonds	<u>\$1,652,675</u>	Matures 12/1/2033
Total	\$ 6,359,459	
Capacity used	36%	

\* Timing aids 2013 new money issues

## CIP Bonds Debt Service

- Estimated True Interest Cost 2.73%
- Term is 20 years
- Average Principal and Interest \$1,652,675
- With 105% coverage, average levy is \$1,735,309

## Capital Equipment Notes MS 373.01 Subd. 3

- County may issue debt for capital equipment with a term not to exceed 10 years.
- Term is limited to the expected life of the equipment
- Capital equipment means public safety, ambulance, road construction or maintenance, medical equipment, computer hardware or software

## Capital Equipment Notes

Public Works Equipment	\$4,500,000
Sheriff's Equipment	\$500,000
Estimated Discount (0.65%)	\$45,450
Costs of Issuance	\$33,020
Rounding	<u>\$1,530</u>
Total Bond Issue Size	\$5,080,000

## Capital Equipment Notes Debt Service

- Estimated True Interest Cost 1.22%
- Term is 7 years
- Average Principal and Interest \$760,080
- With 105% coverage, average levy is \$ 798,085

## Tentative Timing

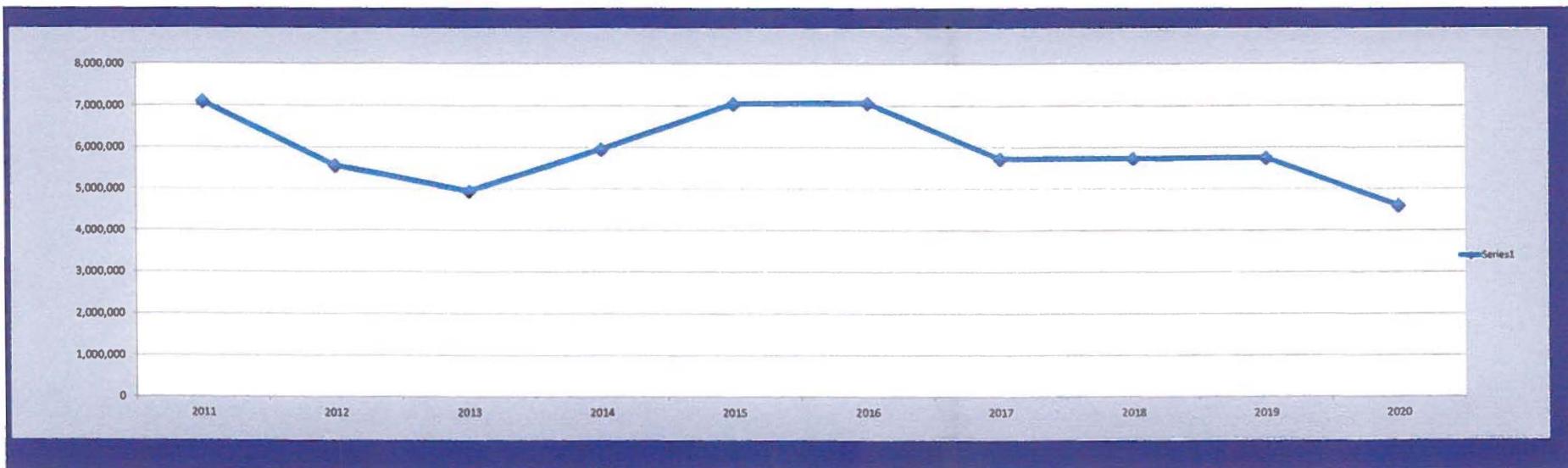
May 7	Committee of the Whole review of proposed 2013 Bonds
May 14	Call for the Capital Improvement Plan (CIP) and related bond sale hearing
May/June	Notification of reduced payment from IRS and subsequent filing of Material Event Notice
June 4	Hearing for CIP Plan and Bonds and authorize the sale of bonds
July 9	Award the Sale of Bonds (bids received July 8)
August	Closing

*Thank you for the opportunity to  
work with you on these very  
important county projects.*

ST. LOUIS COUNTY  
Debt Service Levies

Other years are hidden

	TIC %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Debt Service Funds</b>												
1997 HIBBING EDA - PUBLIC WORKS MAINT FACILITY	N/A	78,169										
*REFUNDING* 2004A CAPITAL IMPROVEMENT BONDS	3.731%	1,212,203	1,213,764	1,068,994	1,114,504	1,121,858	1,127,538	1,136,543	1,143,808	1,158,168		Last Levy 2019
*REFUNDING* 2005A CAPITAL IMPROVEMENT BONDS	3.851%	435,818	436,214	469,843	539,885	500,590	508,690	511,023	512,593	512,890	517,140	Last Levy 2020
2005B LAW ENFORCEMENT REFUNDING BONDS	3.582%	394,943	352,037									Last Levy 2012
2006A CAPITAL IMPROVEMENT CROSSOVER REF BONDS	3.684%	1,145,358	1,139,555	1,122,817	1,120,914	1,356,272	1,356,272					Last Levy 2016
2007A CAPITAL EQUIPMENT NOTES	2.846%	1,316,811										Last Levy 2011
2008A CAPITAL EQUIPMENT NOTES	3.162%	820,418	723,801	710,387								Last Levy 2013
2008B CAPITAL IMPROVEMENT BONDS	4.445%	1,105,501	1,107,493	1,104,480	1,114,166	1,111,436	1,112,906	1,113,116	1,111,252	1,111,233	1,113,543	Last Levy 2023
*REFUNDING* 2010A CAPITAL IMPROVEMENT BONDS	2.403%	588,641	589,703	466,624	553,135	551,473	554,573	551,933	553,573	553,965	553,330	Last Levy 2025
*NEW* 2013A CAPITAL IMPROVEMENT BONDS	2.736%				752,952	1,651,498	1,651,525	1,654,310	1,650,350	1,653,538	1,653,718	Last Levy 2033
*NEW*2013B CAPITAL EQUIPMENT NOTES	1.219%				762,079	757,607	759,390	759,710	758,910	761,245	761,625	Last Levy 2020
<b>CURRENT TOTAL</b>		<b>7,097,862</b>	<b>5,562,567</b>	<b>4,943,144</b>	<b>5,957,635</b>	<b>7,050,733</b>	<b>7,070,893</b>	<b>5,726,633</b>	<b>5,730,484</b>	<b>5,751,038</b>	<b>4,599,356</b>	



Debt service levy as a percent of taxable market value

Debt service levy as a percent of debt limit (3% of market value \*)

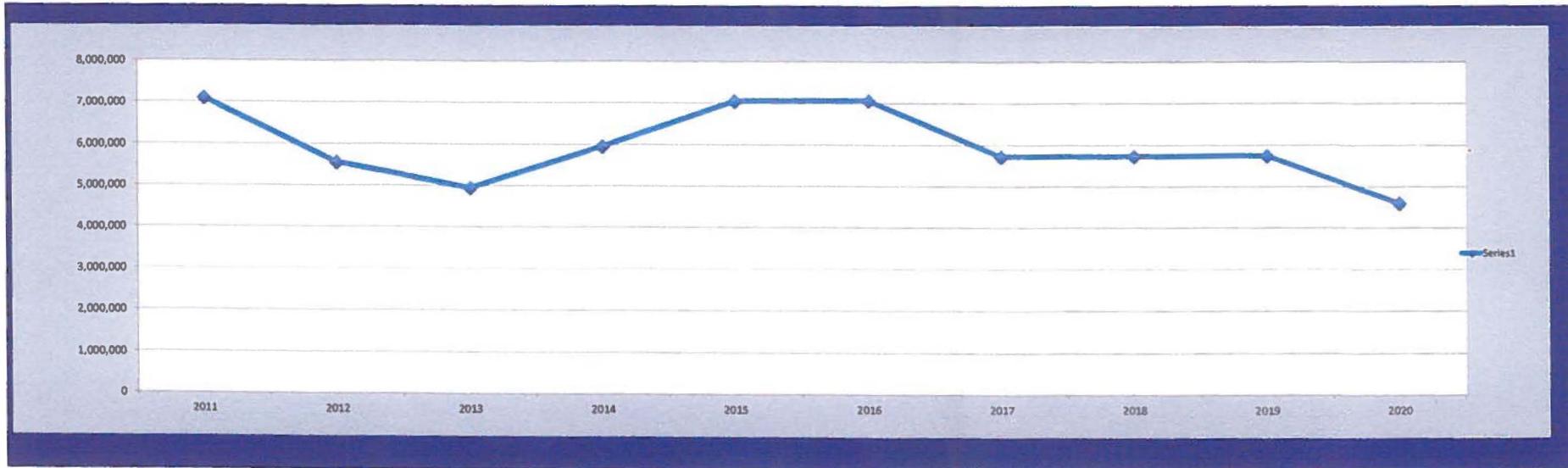
Total Net Debt as a percent of debt limit

\* Prior to 2008 (2% of market value)

ST. LOUIS COUNTY  
Debt Service Levies

Other levies are noted

	TIC %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Debt Service Funds</b>												
1997 HIBBING EDA - PUBLIC WORKS MAINT FACILITY	N/A	78,169										
*REFUNDING* 2004A CAPITAL IMPROVEMENT BONDS	3.731%	1,212,203	1,213,764	1,068,994	1,114,504	1,121,858	1,127,538	1,136,543	1,143,808	1,158,168		Last Levy 2019
*REFUNDING* 2005A CAPITAL IMPROVEMENT BONDS	3.851%	435,818	436,214	469,843	539,885	500,590	508,690	511,023	512,593	512,890	517,140	Last Levy 2020
2005B LAW ENFORCEMENT REFUNDING BONDS	3.582%	394,943	352,037									Last Levy 2012
2006A CAPITAL IMPROVEMENT CROSSOVER REF BONDS	3.684%	1,145,358	1,139,555	1,122,817	1,120,914	1,356,272	1,356,272					Last Levy 2016
2007A CAPITAL EQUIPMENT NOTES	2.846%	1,316,811										Last Levy 2011
2008A CAPITAL EQUIPMENT NOTES	3.162%	820,418	723,801	710,387								Last Levy 2013
2008B CAPITAL IMPROVEMENT BONDS	4.445%	1,105,501	1,107,493	1,104,480	1,114,166	1,111,436	1,112,906	1,113,116	1,111,252	1,111,233	1,113,543	Last Levy 2023
*REFUNDING* 2010A CAPITAL IMPROVEMENT BONDS	2.403%	588,641	589,703	466,624	553,135	551,473	554,573	551,933	553,573	553,965	553,330	Last Levy 2025
*NEW* 2013A CAPITAL IMPROVEMENT BONDS	2.736%				752,952	1,651,498	1,651,525	1,654,310	1,650,350	1,653,538	1,653,718	Last Levy 2033
*NEW*2013B CAPTIAL EQUIPMENT NOTES	1.219%				762,079	757,607	759,390	759,710	758,910	761,245	761,625	Last Levy 2020
<b>CURRENT SLC TOTAL</b>		<b>7,097,862</b>	<b>5,562,567</b>	<b>4,943,144</b>	<b>6,957,635</b>	<b>7,050,733</b>	<b>7,070,893</b>	<b>5,726,633</b>	<b>5,730,484</b>	<b>5,751,038</b>	<b>4,599,356</b>	
*NEW 2013 ARC CAPITAL IMPROVEMENT BONDS - 20 YEARS					340,932	438,229	440,830	437,742	439,430	440,484	435,662	Last Levy 2033
<b>TOTAL WITH ARC</b>		<b>7,097,862</b>	<b>5,562,567</b>	<b>4,943,144</b>	<b>6,298,567</b>	<b>7,488,961</b>	<b>7,511,723</b>	<b>6,164,375</b>	<b>6,169,915</b>	<b>6,191,523</b>	<b>5,035,018</b>	

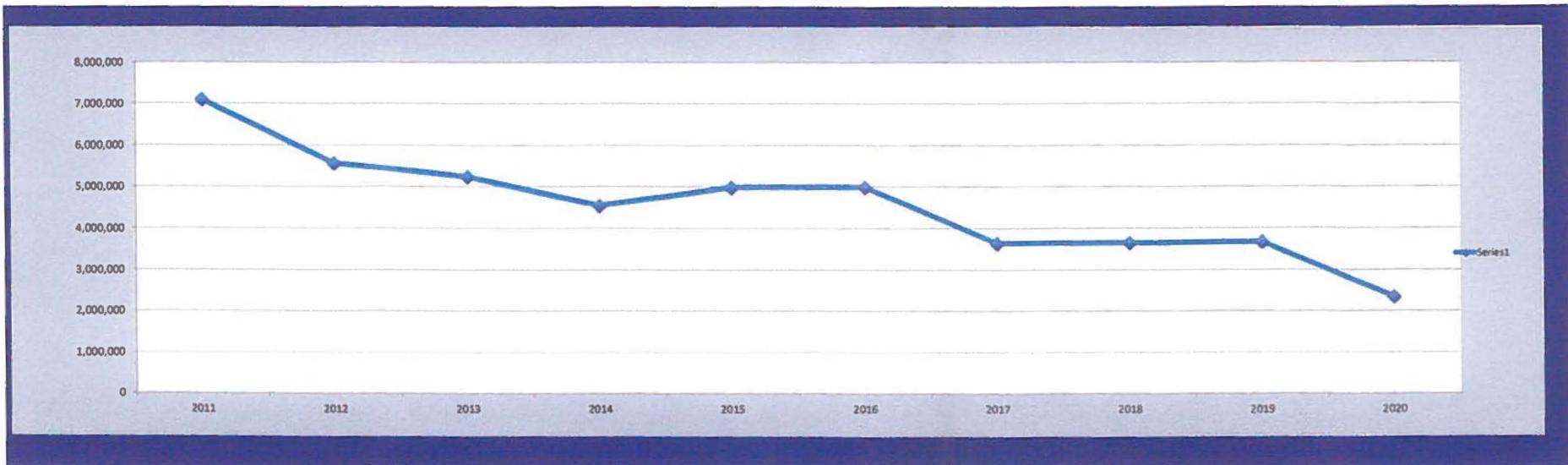


Debt service levy as a percent of taxable market value  
 Debt service levy as a percent of debt limit (3% of market value \*)  
 Total Net Debt as a percent of debt limit  
 \* Prior to 2008 (2% of market value)

ST. LOUIS COUNTY  
Debt Service Levies

Other years are hided

	TIC %	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
<b>Debt Service Funds</b>												
1997 HIBBING EDA - PUBLIC WORKS MAINT FACILITY	N/A	78,169										
2004A CAPITAL IMPROVEMENT BONDS	3.731%	1,212,203	1,213,764	1,207,476	1,215,299	1,287,549	1,295,031	1,300,740	1,312,290	1,326,780		Last Levy 2019
2005A CAPITAL IMPROVEMENT BONDS	3.851%	435,818	436,214	434,884	435,094	566,507	570,801	574,082	576,576	578,025	583,658	Last Levy 2020
2005B LAW ENFORCEMENT REFUNDING BONDS	3.582%	394,943	352,037									Last Levy 2012
2006A CAPITAL IMPROVEMENT CROSSOVER REF BONDS	3.684%	1,145,358	1,139,555	1,122,817	1,120,914	1,356,272	1,356,272					Last Levy 2016
2007A CAPITAL EQUIPMENT NOTES	2.846%	1,316,811										Last Levy 2011
2008A CAPITAL EQUIPMENT NOTES	3.162%	820,418	723,801	710,387								Last Levy 2013
2008B CAPITAL IMPROVEMENT BONDS	4.445%	1,105,501	1,107,493	1,104,480	1,114,166	1,111,436	1,112,906	1,113,116	1,111,252	1,111,233	1,113,543	Last Levy 2023
2010A CAPITAL IMPROVEMENT BONDS	2.403%	588,641	589,703	659,605	659,437	658,064	659,786	654,641	652,958	649,543	649,583	Last Levy 2025
<b>CURRENT TOTAL</b>		<b>7,097,862</b>	<b>6,562,567</b>	<b>6,239,649</b>	<b>4,544,910</b>	<b>4,979,828</b>	<b>4,994,796</b>	<b>3,642,578</b>	<b>3,653,076</b>	<b>3,665,582</b>	<b>2,346,784</b>	



Debt service levy as a percent of taxable market value

Debt service levy as a percent of debt limit (3% of market value \*)

Total Net Debt as a percent of debt limit

\* Prior to 2008 (2% of market value)



**Engineer's Estimate:** \$4,004,711.30

**BIDS:**

**Northland Constructors of Duluth, LLC \$4,015,950.25 (+.28%, +\$11,238.95)**  
**Duluth, MN**

**RECOMMENDATION:**

It is recommended that the St. Louis County Board award SP 69-609-032(Low), STPM 6913(210) CP 0009-8236, and SP 69-610-006, CP 0010-8237 to Northland Constructors of Duluth, LLC of Duluth, MN in the amount of \$4,015,950.25, payable from Fund 220, Agency 220301, Object 652700 and Fund 220, Agency 220302, Object 652700.

**Award of Bid: Paving Project – CSAH 9 and 10/Martin Road  
(Rice Lake Township)**

BY COMMISSIONER \_\_\_\_\_

WHEREAS, Bids have been received by the County Auditor for the following combined project:

SP 69-609-032(Low), STPM 6913(210) CP 0009-8236 CSAH 9 (Martin Road) from CSAH 4 (Rice Lake Road) to CSAH 36, (Arnold Road), length 2.97 miles and;

SP 69-610-006, CP 0010-8237 CSAH 10 (Martin Road) from CSAH 36 (Arnold Road) to CSAH 37 (Jean Duluth Road) in Rice Lake Township, length 2.08 miles.

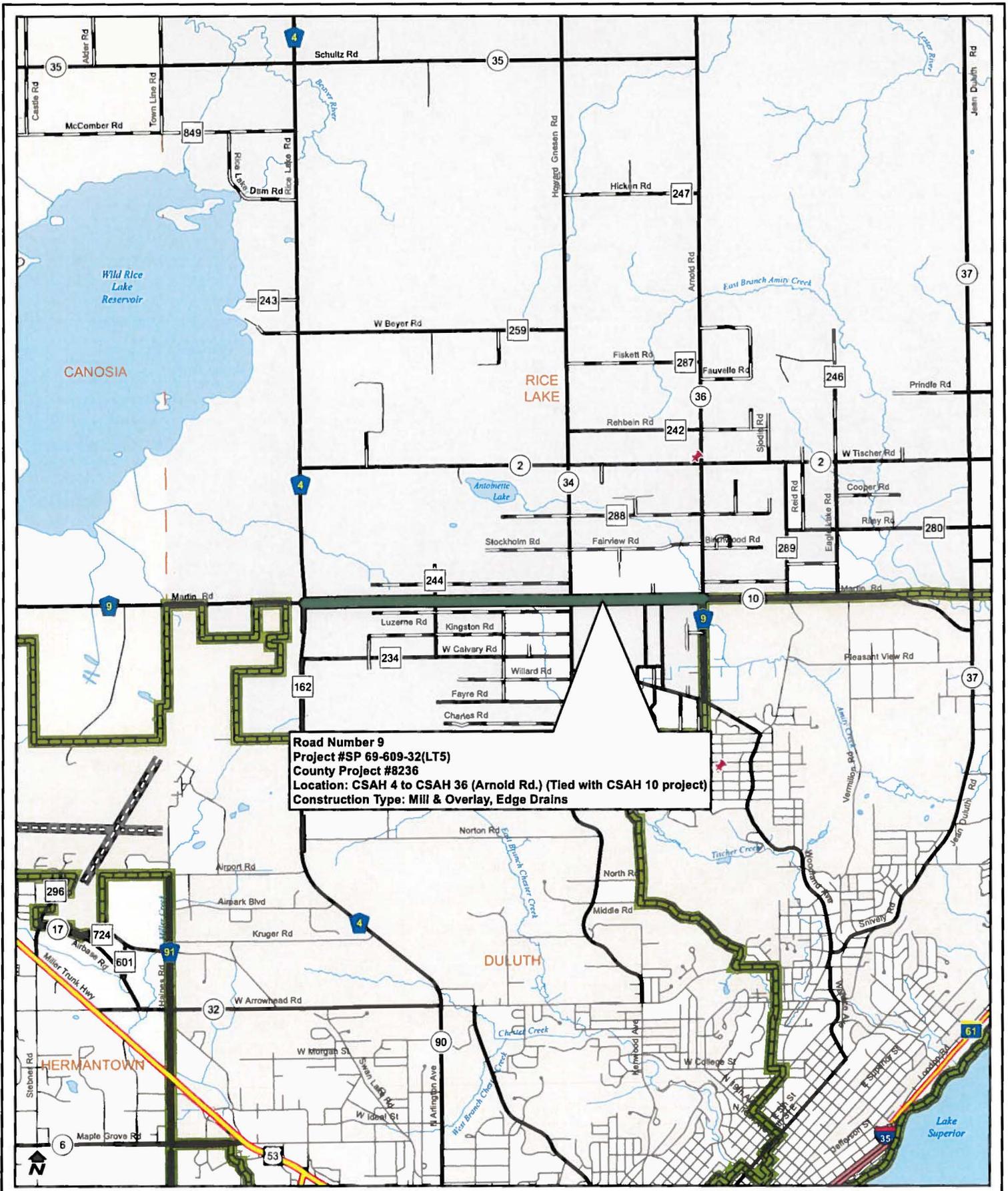
WHEREAS, Bids were opened in the St. Louis County Courthouse, Duluth, MN, on June 20, 2013, and the low responsible bid determined;

THEREFORE, BE IT RESOLVED, That the St. Louis County Board approves the award on the above project to the low bidder.

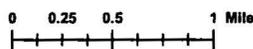
<u>LOW BIDDER</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
Northland Constructors of Duluth, LLC	4843 Rice Lake Rd. Duluth, MN 55803	\$4,015,950.25

RESOLVED FURTHER, That the appropriate county officials are authorized to approve the Contractor's Performance Bonds and to execute the bonds and contract for the above listed project payable from:

SP 69-609-032(Low):	Fund 220, Agency 220301, Object 652700	\$2,111,751.46
SP 69-610-006:	Fund 220, Agency 220302, Object 652700	\$1,904,198.79

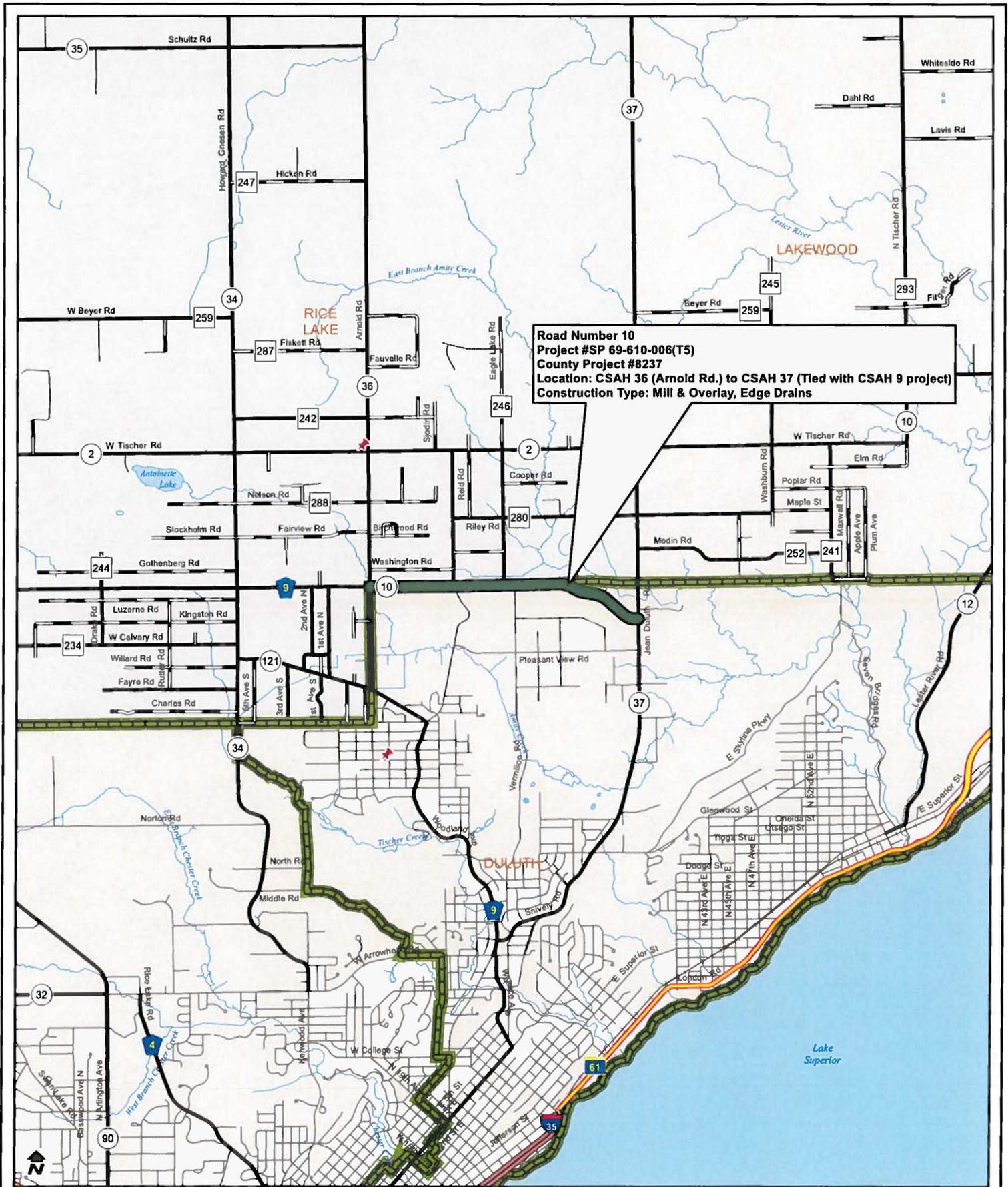


St. Louis County 2013 Road & Bridge Construction



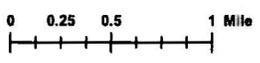
**Map Components**

- |                                 |                        |                   |
|---------------------------------|------------------------|-------------------|
| 2013 Road & Bridge Construction | County Road - Paved    | Township Boundary |
| Mill & Overlay, Edge Drains     | County Road - Gravel   | City/Town         |
| Interstate Highway              | Local Road/City Street | Lake              |
| U.S./State Highway              | Railroad               | River/Stream      |
| Commissioner District           |                        |                   |



**Road Number 10**  
**Project #SP 69-610-006(T5)**  
**County Project #8237**  
**Location: CSAH 36 (Arnold Rd.) to CSAH 37 (Tied with CSAH 9 project)**  
**Construction Type: Mill & Overlay, Edge Drains**

St. Louis County 2013 Road & Bridge Construction



Map Components	
2013 Road & Bridge Construction	County Road - Paved
Mill & Overlay, Edge Drains	County Road - Gravel
Interstate Highway	Local Road/City Street
U.S./State Highway	Railroad
Commissioner District	City/Town
	Lake
	River/Stream
	Township Boundary

# **BOARD LETTER NO. 13 - 257**

## **PUBLIC WORKS & TRANSPORTATION COMMITTEE**

### **JULY 2, 2013 BOARD AGENDA NO. 2**

**DATE:** July 2, 2013

**RE:** Award of Bids for Various Public  
Works Projects – June 27 Bid  
Opening

**FROM:** Kevin Z. Gray  
County Administrator

James T. Foldesi  
Public Works Director/Highway Engineer

#### **RELATED DEPARTMENT GOAL:**

Provide a safe, well maintained road and bridge system.

#### **ACTION REQUESTED:**

The St. Louis County Board is requested to award bids for a number of Public Works projects in various cities and townships.

#### **BACKGROUND:**

County Staff is authorized under Resolution No. 88-381, dated May 24, 1988, to call for bids on projects which are already included in the budget document. Bids were requested for the following projects:

1. Edgeline marking project within St. Louis County;
2. Edgeline marking project within St. Louis, Carlton, Itasca, Lake and Pine Counties;
3. Reconstruction project in Breitung Township;
4. June 2012 storm related Culvert and Slope Repair project in Duluth Township;
5. Resurfacing and Reconditioning project in Chisholm, MN;
6. June 2012 storm related bridge project in Cedar Valley Township;
7. June 2012 storm related bridge project in Brookston, MN;
8. Chip and fog seal project on three roads in Solway, Fredenberg, and Normanna Townships.

A call for bids was received by the Public Works Department on June 27, 2013, for these projects in accordance with the plans and specifications on file in the office of the County Highway Engineer:

- 1. Project:** SAP 69-030-027, CP 0000-187071  
**Location:** Various County and CSAH highways within St. Louis County,  
**Traffic:** N.A.  
**PQI:** N.A.  
**Construction:** Ground In Wet Reflective Edgeline and Centerline Markings  
**Funding:** Fund 220, Agency 220300, Object 652700  
**Anticipated Start Date:** July 22, 2013  
**Anticipated Completion Date:** November 1, 2013  
**Engineer's Estimate:** To be provided after bid opened
- 2. Project:** SP 88-070-037, State Project No. HSIP 8813(253),  
CP 0000-180554  
**Location:** Various County Highways within Carlton, Itasca, Lake, Pine and  
St. Louis Counties  
**Traffic:** N.A.  
**PQI:** N.A.  
**Construction:** Ground In Wet Reflective Edgeline Marking  
**Funding:** Fund 220, Agency 220299, Object 652700  
**Anticipated Start Date:** July 22, 2013  
**Anticipated Completion Date:** August 1, 2013  
**Engineer's Estimate:** To be provided after bid opened
- 3. Project:** SAP 69-600-041, CP 4616-121198  
**Location:** On TR 4616 (Lake Vermilion Park Drive) from TH 169 to Lake  
Vermilion, in Breitung Township, (see attached map)  
**Traffic:** 750  
**PQI:** N.A.  
**Construction:** Grading, Aggregate Base and Bituminous Surfacing  
**Funding:** Fund 220, Agency 220254, Object 652700  
**Anticipated Start Date:** July 23, 2013  
**Anticipated Completion Date:** October 5, 2013  
**Engineer's Estimate:** To be provided after bid opened
- 4. Project:** SAP 69-661-017, CP 173268 (Storm)  
**Location:** On CSAH 61 (North Shore Drive) from 865' SW of Ryan Road  
to 3420' NE of Stony Point Road in Duluth Township, (see  
attached map)  
**Traffic:** 1,880  
**PQI:** N.A.  
**Construction:** Culvert Replacement, Slope Repair, Guardrail, and  
Bituminous Surface  
**Funding:** Fund 225, Agency 173268, Object 652706  
**Anticipated Start Date:** August 5, 2013  
**Anticipated Completion Date:** October 18, 2013  
**Engineer's Estimate:** To be provided after bid opened

5. **Project:** SAP 69-667-006, CP 0067-174509  
**Location:** On CSAH 67 from East Lake Street to CSAH 66 (McNiven Road), in Chisholm, length 1.19 miles, (see attached map)  
**Traffic:** 1,591  
**PQI:** 1.6  
**Construction:** Mill, Bituminous Surface, Curb and Gutter, Aggregate Shouldering  
**Funding:** Fund 220, Agency 220298, Object 652700  
**Anticipated Start Date:** August 12, 2013  
**Anticipated Completion Date:** September 28, 2013  
**Engineer's Estimate:** To be provided after bid opened
6. **Project:** SAP 69-599-037, CP 5164-177732  
**Location:** On TR 5164 between CSAH 133 and end of TR 5164, in Cedar Valley Township, (see attached map)  
**Traffic:** 6  
**PQI:** N.A.  
**Construction:** Bridge 69J99 and Approaches  
**Funding:** Fund 220, Agency 220286, Object 652700  
**Anticipated Start Date:** August 5, 2013  
**Anticipated Completion Date:** October 8, 2013  
**Engineer's Estimate:** To be provided after bid opened
7. **Project:** SAP 69-631-008, CP 177720 (Storm)  
**Location:** On CSAH 31 in Brookston, MN, length 0.02 mile, (see attached map)  
**Traffic:** 711  
**PQI:** N.A.  
**Construction:** Bridge 69A14 and Approaches  
**Funding:** Fund 225, Agency 177720, Object 652706  
**Anticipated Start Date:** July 29, 2013  
**Anticipated Completion Date:** November 8, 2013  
**Engineer's Estimate:** To be provided after bid opened
8. **Project:** SAP 69-606-023(Low), CP 0006-189121; CP 0294-189122; and CP 0692-189123  
**Location:** Combined Project  
A.) SAP 69-606-023(Low) CSAH 6 (Maple Grove Rd) from TH 33 to TH 2 in Solway Township length 3.40 miles, (see attached map)  
**Traffic:** 395  
**PQI:** N.A.  
**Construction:** Chip and Fog Seal  
**Funding:** Fund 220, Agency 220297, Object 652700  
B.) CP 0294-189122 CR 294 (Pioneer Road) from CSAH 48 (Lavaque Road) to CSAH 43 (Beaver River Road), length 1.47 miles, (see attached map)

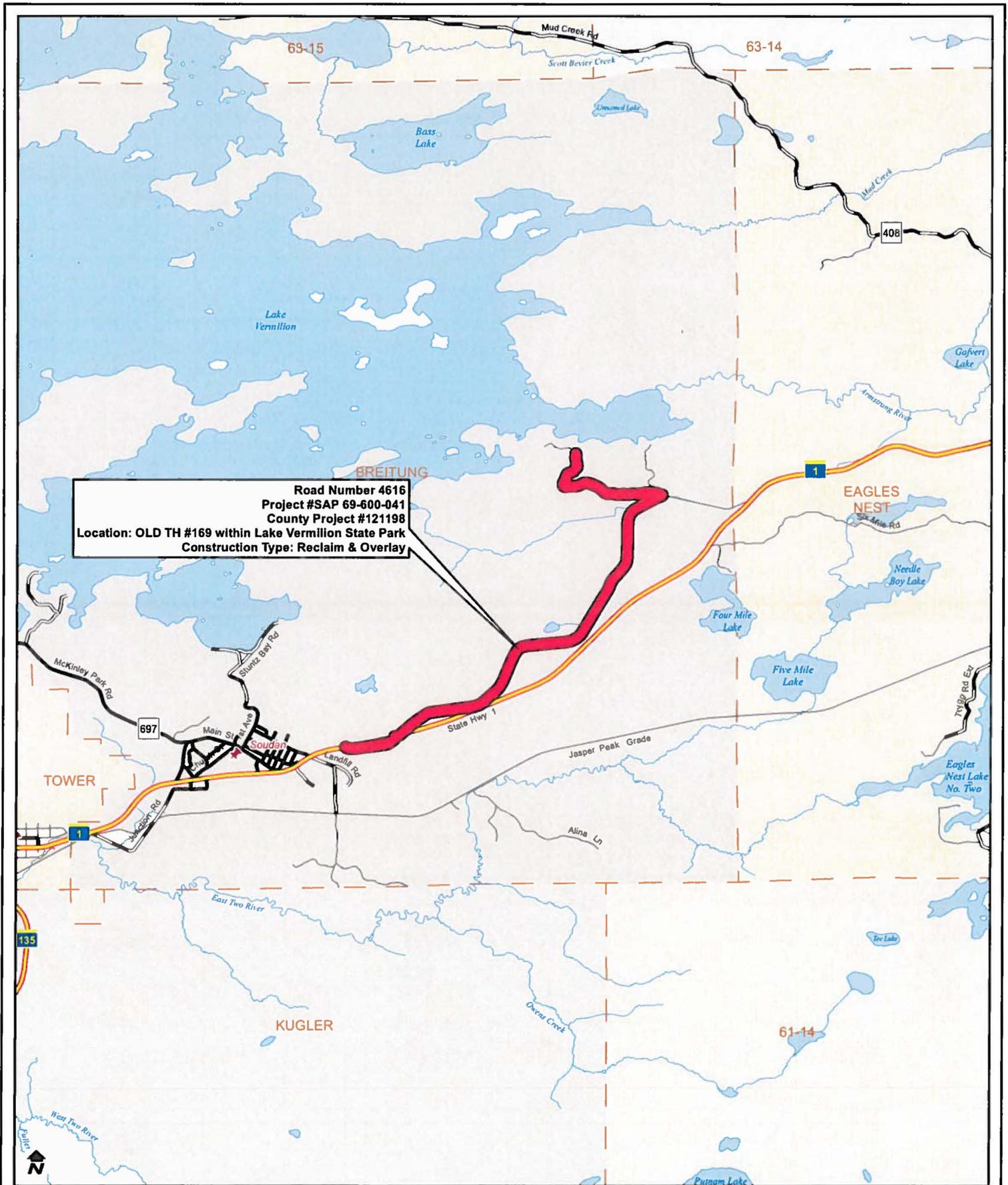
**Traffic:** 250  
**PQI:** N.A.  
**Construction:** Chip and Fog Seal  
**Funding:** Fund 200, Agency 203293, Object 652800

C.) CP 0692-189123 CR 692 (Lakewood Road) from CSAH 43 (Lismore Road) to CSAH 40 (Pioneer Road), length 1.98 miles, (see attached map)

**Traffic:** 301  
**PQI:** 3.2  
**Construction:** Chip and Fog Seal  
**Funding:** Fund 200, Agency 203295, Object 652800  
**Anticipated Start Date:** July 15, 2013  
**Anticipated Completion Date:** August 23, 2013  
**Engineer's Estimate:** To be provided after bid opened

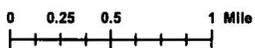
**RECOMMENDATION:**

The bid opening was held on June 27. The Board will be provided with bid results and recommendations for consideration at the July 2 County Board meeting.

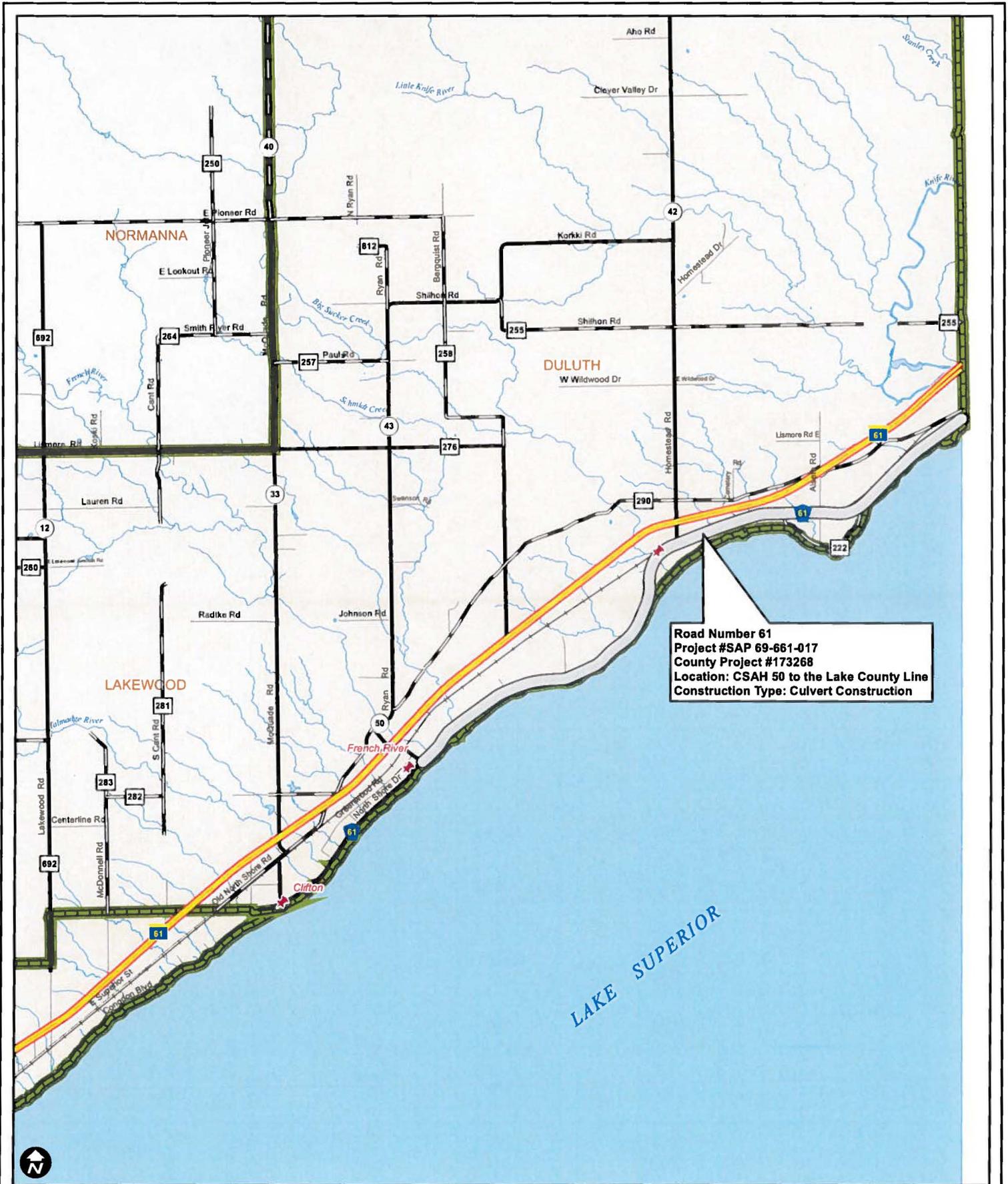


**Road Number 4616**  
**Project #SAP 69-600-041**  
**County Project #121198**  
**Location: OLD TH #169 within Lake Vermillion State Park**  
**Construction Type: Reclaim & Overlay**

**St. Louis County 2013 Road & Bridge Construction**

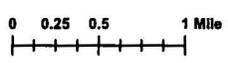


Map Components	
<b>2013 Road &amp; Bridge Construction</b>	
Reclaim & Overlay	County Road - Paved
Interstate Highway	County Road - Gravel
U.S./State Highway	Local Road/City Street
Commissioner District	Railroad
	Township Boundary
	City/Town
	Lake
	River/Stream



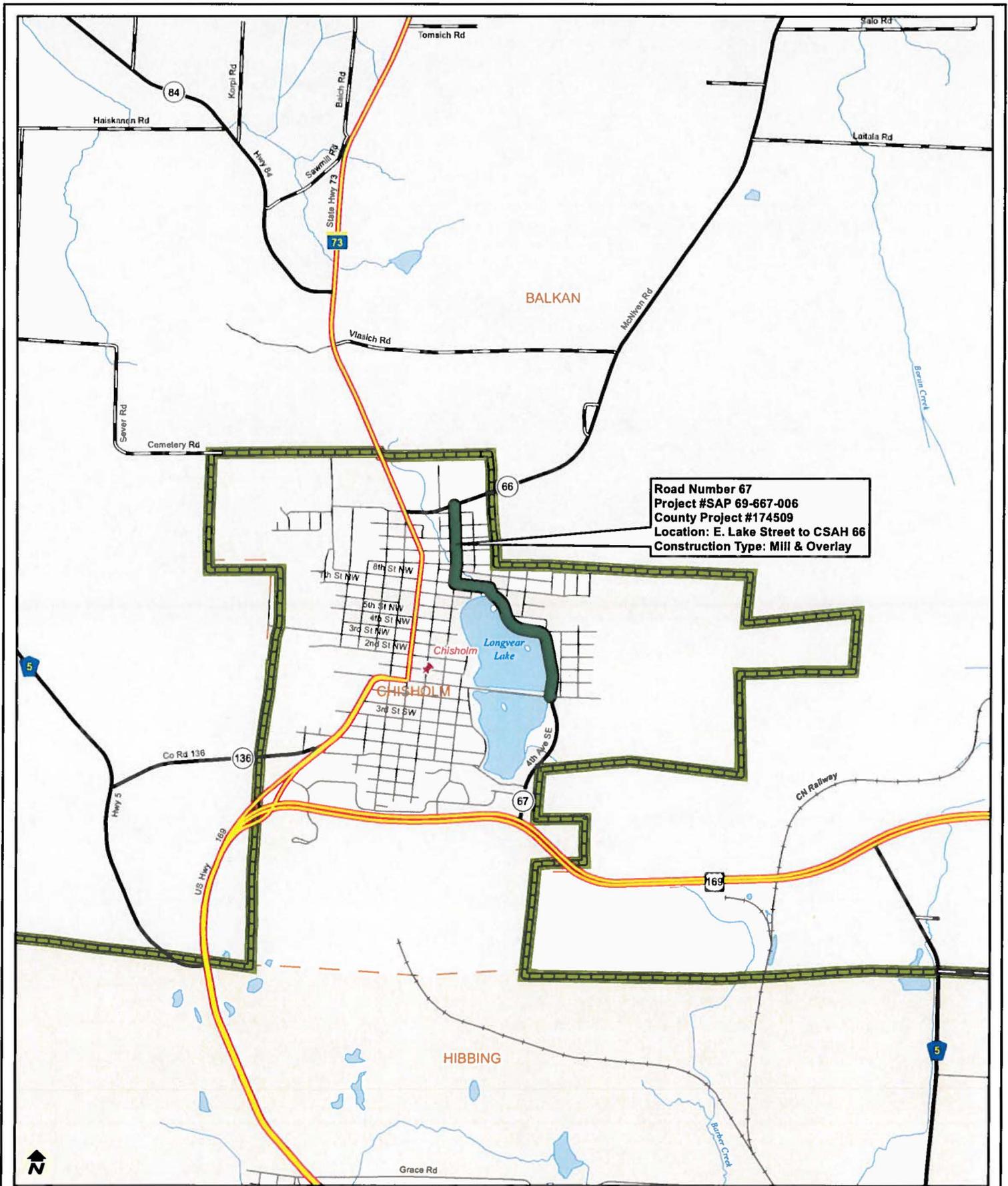
**Road Number 61**  
**Project #SAP 69-661-017**  
**County Project #173268**  
**Location: CSAH 50 to the Lake County Line**  
**Construction Type: Culvert Construction**

**St. Louis County 2013 Road & Bridge Construction**



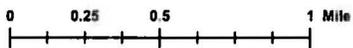
**Map Components**

- |  |                                  |                   |
|--|----------------------------------|-------------------|
| <b>2013 Road &amp; Bridge Construction</b> | County/Unorg. Twp. Road - Paved  | Township Boundary |
| Culvert Construction                       | County/Unorg. Twp. Road - Gravel | City/Town         |
| Interstate Highway                         | Railroad                         | Lake              |
| U.S./State Highway                         | Commissioner District            | River/Stream      |

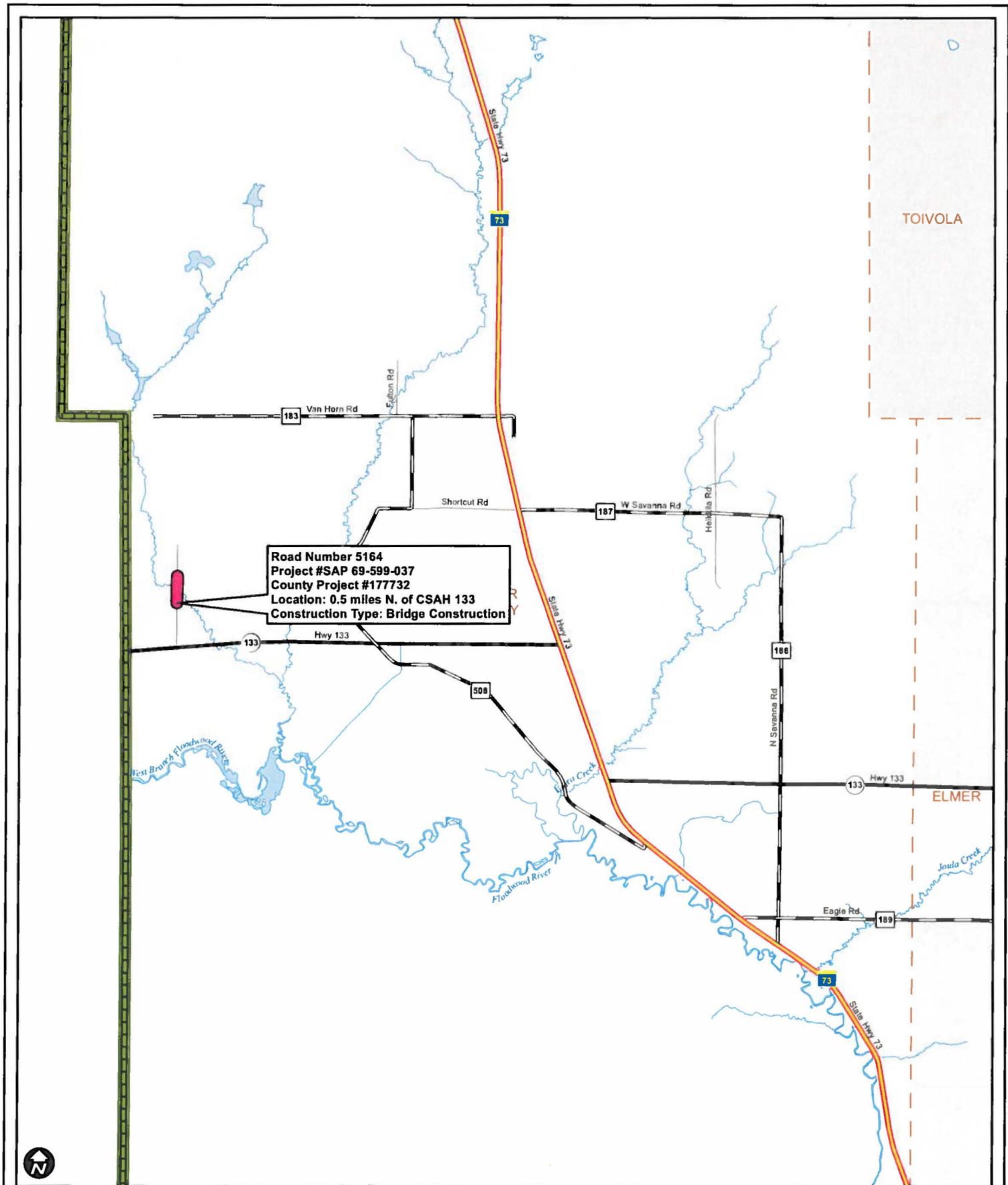


**Road Number 67**  
**Project #SAP 69-667-006**  
**County Project #174509**  
**Location: E. Lake Street to CSAH 66**  
**Construction Type: Mill & Overlay**

**St. Louis County 2013 Road & Bridge Construction**

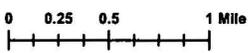


Map Components	
<b>2013 Road &amp; Bridge Construction</b>	
Mill & Overlay	County Road - Paved
Interstate Highway	County Road - Gravel
U.S./State Highway	Local Road/City Street
	Railroad
	Commissioner District
	Township Boundary
	City/Town
	Lake
	River/Stream

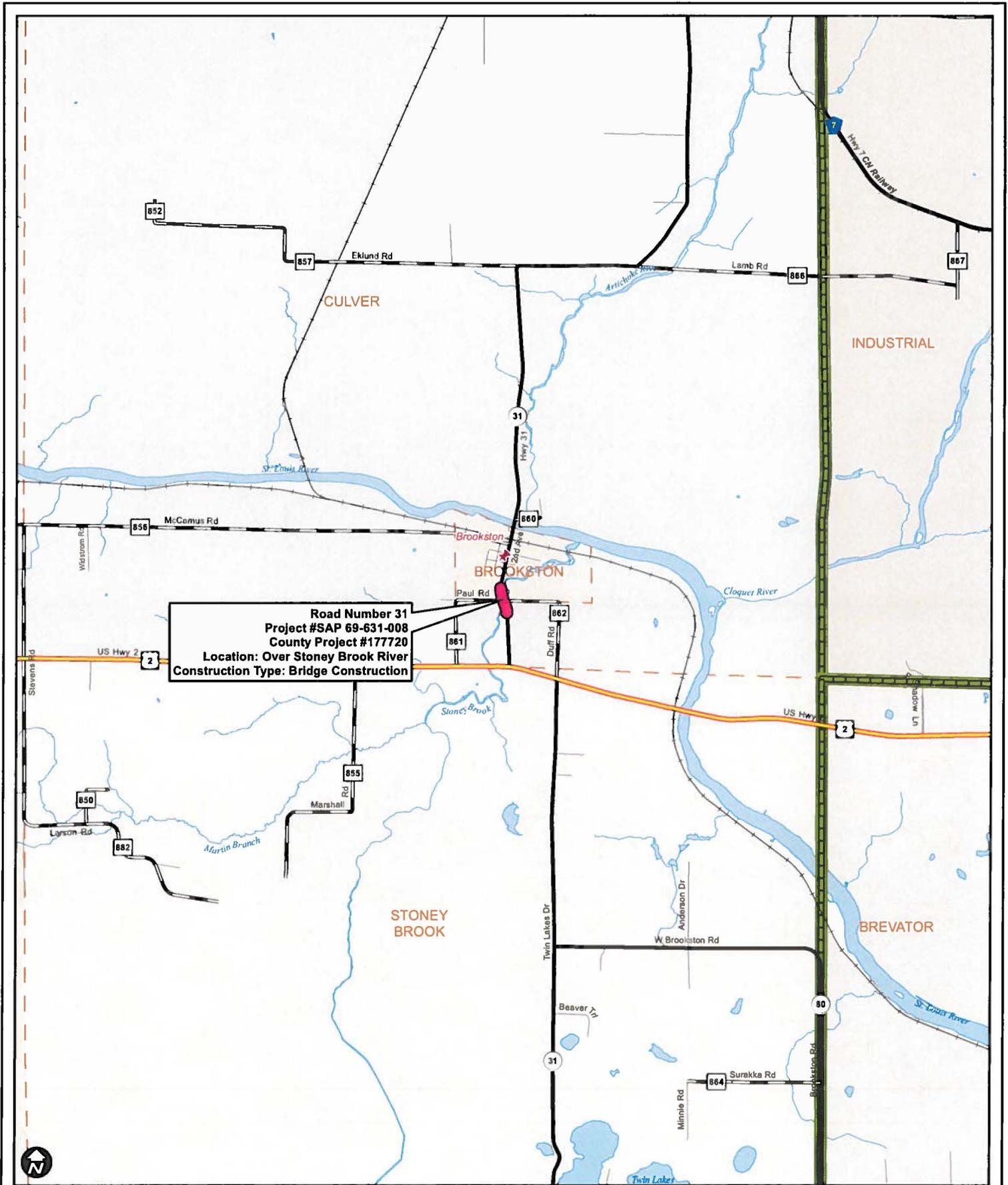


**Road Number 5164**  
**Project #SAP 69-599-037**  
**County Project #177732**  
**Location: 0.5 miles N. of CSAH 133**  
**Construction Type: Bridge Construction**

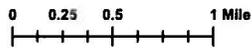
**St. Louis County 2013 Road & Bridge Construction**



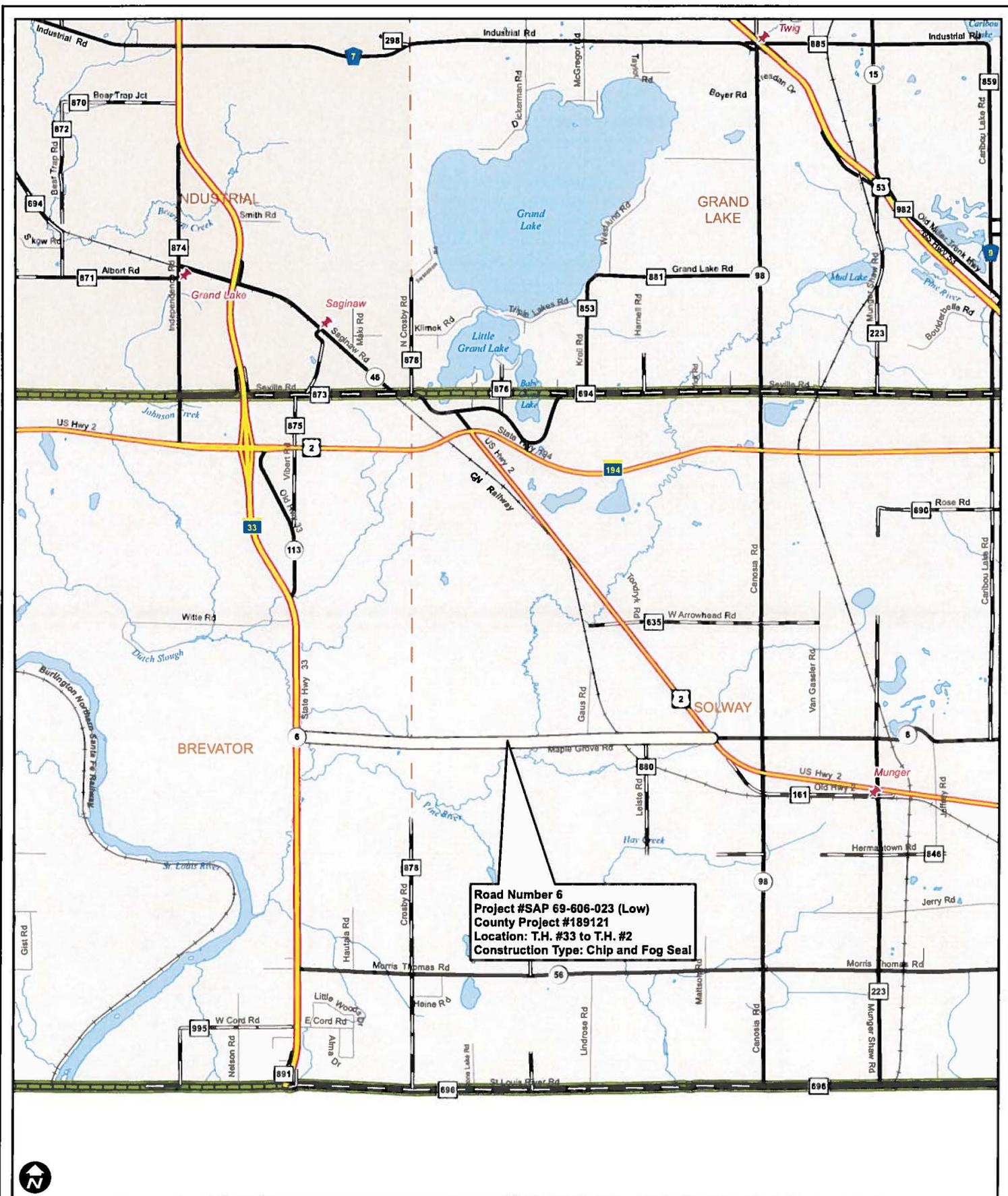
Map Components	
Bridge Construction	County/Unorg. Twp. Road - Paved
Interstate Highway	County/Unorg. Twp. Road - Gravel
U.S./State Highway	Local Road/City Street
Commissioner District	Railroad
	Township Boundary
	City/Town
	Lake
	River/Stream



**St. Louis County 2013 Road & Bridge Construction**



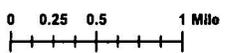
Map Components	
Bridge Construction	County/Unorg. Twp. Road - Paved
Interstate Highway	County/Unorg. Twp. Road - Gravel
U.S./State Highway	Local Road/City Street
	Railroad
	Commissioner District
	Township Boundary
	City/Town
	Lake
	River/Stream



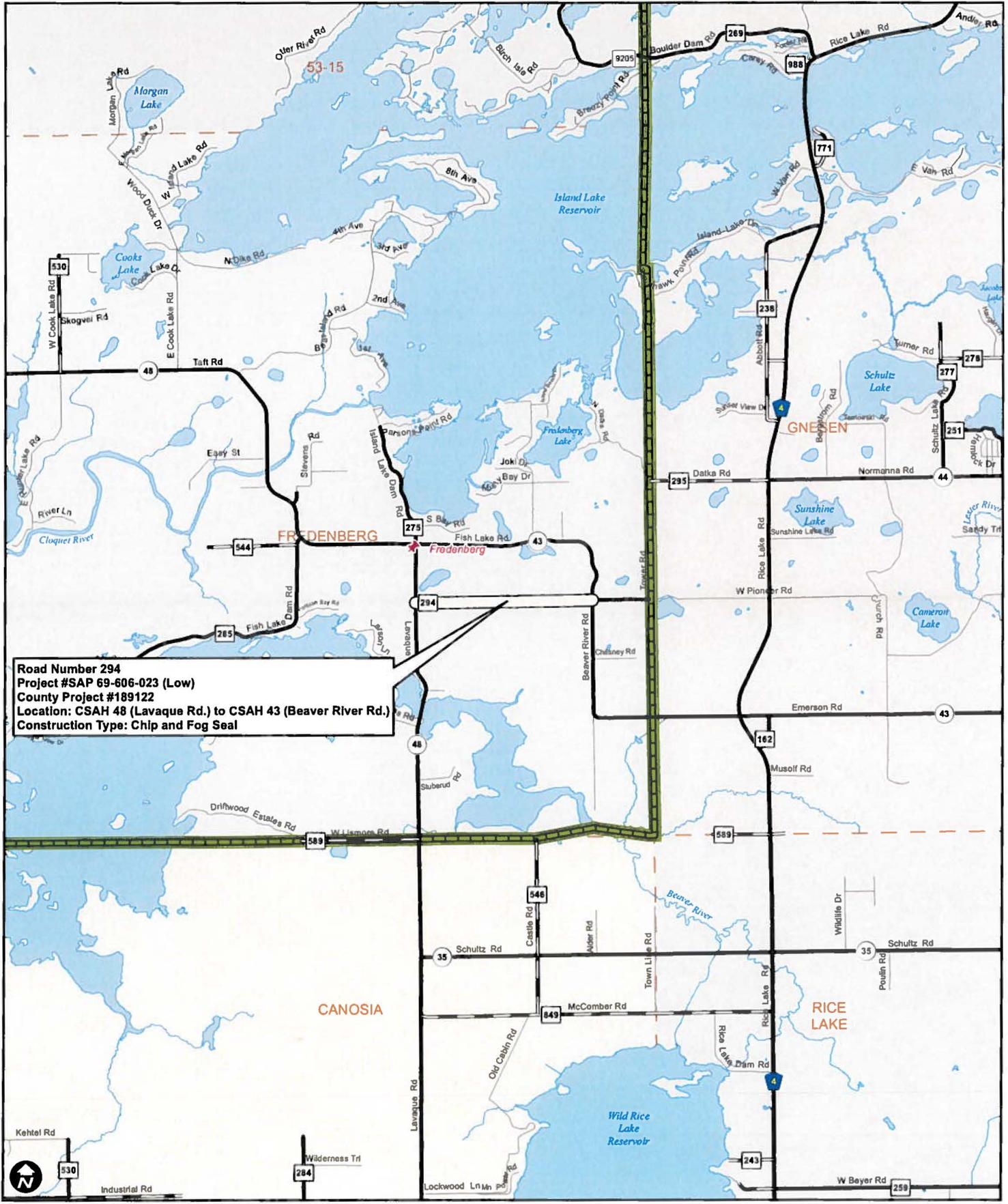
**Road Number 6**  
**Project #SAP 69-606-023 (Low)**  
**County Project #189121**  
**Location: T.H. #33 to T.H. #2**  
**Construction Type: Chip and Fog Seal**



**St. Louis County 2013 Road & Bridge Construction**



Map Components	
2013 Road & Bridge Construction	County/Unorg Twp. Road - Paved
Chip and Fog Seal	County/Unorg Twp. Road - Gravel
Interstate Highway	Local Road/City Street
U.S./State Highway	Railroad
Commissioner District	Township Boundary
City/Town	Lake
River/Stream	

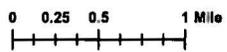


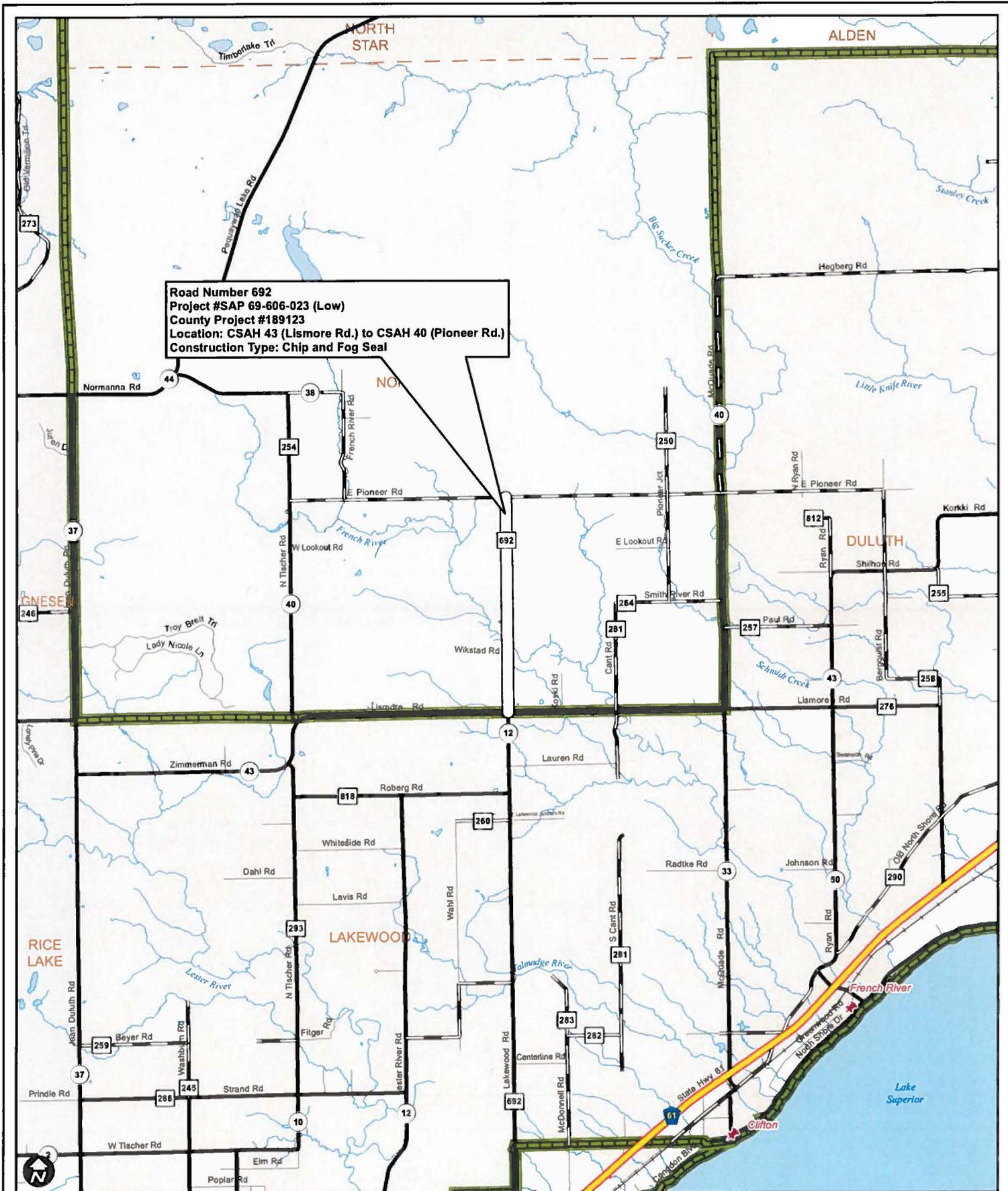
**Road Number 294**  
**Project #SAP 69-606-023 (Low)**  
**County Project #189122**  
**Location: CSAH 48 (Lavaque Rd.) to CSAH 43 (Beaver River Rd.)**  
**Construction Type: Chip and Fog Seal**

**St. Louis County 2013 Road & Bridge Construction**

**Map Components**

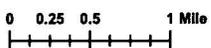
2013 Road & Bridge Construction	County/Unorg. Twp Road - Paved	Township Boundary
Chip and Fog Seal	County/Unorg. Twp Road - Gravel	City/Town
Interstate Highway	Local Road/City Street	Lake
U.S./State Highway	Railroad	River/Stream
	Commissioner District	





**Road Number 692**  
**Project #SAP 69-606-023 (Low)**  
**County Project #189123**  
**Location: CSAH 43 (Lismore Rd.) to CSAH 40 (Pioneer Rd.)**  
**Construction Type: Chip and Fog Seal**

**St. Louis County 2013 Road & Bridge Construction**



Map Components	
<b>2013 Road &amp; Bridge Construction</b>	
Chip and Fog Seal	County/Unorg. Twp Road - Paved
Interstate Highway	County/Unorg. Twp Road - Gravel
U.S./State Highway	Local Road/City Street
	Railroad
	Commissioner District
	Township Boundary
	City/Town
	Lake
	River/Stream



## **Joint Powers Agreement with the City of Hibbing for Assessment Services**

BY COMMISSIONER \_\_\_\_\_

WHEREAS, Pursuant to Minn. Stat. Chap. 273 St. Louis County, through the County Assessor, is generally charged with assessing all real property in the county for real estate tax purposes, except as otherwise provided; and

WHEREAS, Pursuant to Minn. Stat. § 273.05 the City of Hibbing has historically maintained a City Assessor's Office which has assessed all real property in the city for real estate tax purposes; and

WHEREAS, Minn. Stat. § 471.59 allows two governmental units, by agreement entered through action of their governing bodies, to jointly exercise any power common to the contracting governmental units; and

WHEREAS, St. Louis County and the City of Hibbing have determined it is mutually beneficial to both parties and to the taxpayers within Hibbing and the county to combine the assessment functions of the city and the county, and to have these functions performed by the County Assessor's Office; and

WHEREAS, Minn. Stat. § 273.072 authorizes the city and the county to enter into a Joint Powers Agreement under Minn. Stat. § 471.59 for the county to provide assessment services to the city for all real property located within the jurisdiction of the City of Hibbing;

THEREFORE, BE IT RESOLVED, that the St. Louis County Board authorizes the appropriate county officials to enter into a joint powers agreement with the City of Hibbing (County Board File No. \_\_\_\_\_) for the purpose of providing real property assessment services, at a cost of \$70,000 beginning July 1, 2013 for the remainder of the year and at a cost of \$125,000 for the year beginning January 1, 2014, payment to be deposited in Fund 118001, Agency 552504.

## JOINT EXERCISE OF POWERS AGREEMENT

### ASSESSMENT SERVICES

#### City of Hibbing & St. Louis County

This JOINT POWERS AGREEMENT, effective as of the date of attestation thereto by the City Clerk as hereinafter set forth, between the CITY OF HIBBING, a municipal corporation under the laws of the State of Minnesota, hereinafter referred to as "City", and ST. LOUIS COUNTY, a county under the laws of the State of Minnesota, hereinafter referred to as "County".

WHEREAS, pursuant to Minnesota Statutes Chapter 273 the County, through the County Assessor, is generally charged with assessing all real property in the County for real estate tax purposes, except as otherwise provided; and

WHEREAS, pursuant to Minnesota Statutes Section 273.05, the City has maintained a City Assessor's Office; and

WHEREAS, Minnesota Statutes Section 273.072 authorizes the City and the County to enter into a Joint Powers Agreement under Minnesota Statutes Section 471.59 for the County to provide assessment services to the City for all real property located in the City; and

WHEREAS, City and County have determined that it will be mutually beneficial to both parties and to the taxpayers of the City and the County to combine the assessment functions of the City and the County and to have said functions performed by the County Assessor's Office.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto hereby agree as follows:

1. Definitions:

For the purposes of this Agreement, the following terms and phrases shall have the meanings hereinafter ascribed to them:

- A. Assessment Law: shall mean Minnesota Statutes Chapters 272, 273 and 274 and regulations related thereto, and the requirements of the Commissioner of the Minnesota Department of Revenue.
- B. City Administrator: shall mean the City Administrator of the City or his or her designee.
- C. County Assessor: shall mean collectively the St. Louis County Assessor appointed pursuant to Minnesota Statutes Chapter 273 and the office of the County Assessor and all employees thereof.

D. Operative Date: shall mean July 1, 2013.

2. Purpose and Authority

The purpose of this Agreement is to have the County Assessor perform all functions and services related to the assessment of real property located in the City of Hibbing for property tax purposes in conformance with the requirements of Assessment Law. This Agreement is being entered into pursuant to the authorization of Minnesota Statutes Section 272.072 and Minnesota Statutes Section 471.59.

3. Assessment Services

As of the Operative Date of this Agreement and for the Term hereof, and except as hereinafter set forth in Paragraph 8. below, City and County agree that County shall provide all real and personal property assessment services required by Assessment Law for all real and personal property located in the City of Hibbing in accordance with and subject to the terms and conditions of this Agreement for the term hereof. All such services shall be performed in accordance with the Assessment Law by appraisers qualified and licensed in accordance with the requirements of Minnesota Statutes Sections 270.41, 270.48 and 270.50 and with Minnesota Rules Chapter 1950. Said services shall be performed in accordance with the standards for appraisal services established by the foregoing statutes and regulations.

4. Payments by City

It is understood between City and County that the consideration to be received by County for the provision of services under this Agreement shall be in the form of the increased efficiencies of having all assessment services provided by the County Assessor and the benefits to the taxpayers of the County resulting therefrom.

A. Therefore, except as provided for in Paragraphs 6, 7 or 11, or Subparagraph B. below, notwithstanding any other law, statute or regulation to the contrary, it is agreed that County shall not be entitled to any additional remuneration, fee, charge or consideration of any kind whatsoever, other than those revenues derived from the County's general levy against all of the real property in the County, for the provision of the assessment services provided by County under this Agreement.

B. Notwithstanding the provisions of Subparagraph A. above, City agrees to make transition assistance payments to County in the amount of Seventy Thousand Dollars (\$70,000.00), for the period of July 1, 2013-December 31, 2013, to be billed on July 1, 2013, and due within thirty (30) days of billing; and One Hundred Twenty-five Thousand Dollars (\$125,000.00) for the period of January 1, 2014-December 31, 2014, in two equal installments of \$62,500.00 each, to be billed on January 1, 2014, and July 1, 2014, and due within thirty (30 days) of billing.

5. Office Facilities

The City will provide, as of the operational date of this Agreement, at no cost to the County, the existing space of the City Assessor's Office at 401 East 21st Street, Hibbing, MN 55746, for the County's purpose of providing services under this Agreement. The City will be responsible for maintaining the space and paying for all utilities. The City will also be responsible for providing any necessary electrical modifications and computer drops for the set up of computer work stations. The County will provide office furniture, computers, and office supplies.

6. Office Support Staff

The City will provide one qualified full-time clerical employee to provide clerical support of the assessment function for five years, subject to renegotiation. The clerical employee will be a City employee for which the City will be fully responsible. The City will designate a City employee to be responsible for supervision of this employee. The City will also be responsible for any and all other employment-related costs associated with this position, including but not limited to wages, benefits, discipline/grievance costs, Worker's Compensation, and EEOC/MDHR claims. This employee shall not be considered a County employee or subcontractor for any purpose.

7. Term

Unless sooner terminated as hereinafter provided for, the term of this Agreement shall be for Ten (10) Years from the effective date hereof. Thereafter, this Agreement shall continue indefinitely as allowed by law, including Minnesota Statutes Section 273.072.

8. Records and Inspections

A. Establishment and Maintenance of Records

Records shall be maintained by County in accordance with requirements of the Assessment Law and with respect to all matters covered by this Agreement for such time period as shall be required by applicable law City shall transfer to County any and all Assessment Services records for continuity and historical value purposes. County will cooperate with City to allow examination of the records covered by this Agreement.

B. Reports and Information

County shall be responsible for providing access to City records, data and information as City may require pertaining to matters covered by this Agreement.

C. Ownership of Data

Copies of all information, notes, reports, special studies, records and other data prepared under this Agreement shall be made available to City upon completion or termination of the services of County.

9. Independent Parties

It is agreed that nothing herein contained is intended or shall be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto or of constituting County as an agent, representative or employee of City for any purpose or in any

manner whatsoever. County and any officers or employees thereof shall not be considered an employee of City, and any and all claims that may or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of County while so engaged and any and all claims whatsoever on behalf of County arising out of employment or alleged employment, including without limitation, claims of discrimination against City, its officers, agents, contractors or employees shall in no way be the responsibility of City. County and its officers, agents, contractors and employees shall not be entitled to any compensation or rights or benefits of any hospital care, sick leave and vacation pay, Workers' Compensation, Unemployment Insurance, disability pay or severance pay provided by the City. Furthermore, City shall not, in any way, be responsible to defend, indemnify or save harmless County from liability or judgments arising out of the intentional or negligent acts or omissions of County while performing the work specified by this Agreement.

It is agreed that nothing herein contained is intended or shall be construed in any manner as creating or establishing a relationship of co-partners between the parties hereto or of constituting City as an agent, representative or employee of County for any purpose or in any manner whatsoever. City and any officers or employees thereof shall not be considered employees of County, and any and all claims that have accrued or might arise under the Workers' Compensation Act of the State of Minnesota on behalf of City while so engaged, and any and all claims whatsoever on behalf of City arising out of employment or alleged employment, including without limitation, claims of discrimination against County, its officers, agents, contractors or employees shall in no way be the responsibility of County. City and its officers, agents, contractors and employees shall not be entitled to any compensation or rights or benefits of any hospital care, sick leave and vacation pay, Workers' Compensation, Unemployment Insurance, disability pay or severance pay. Furthermore, County shall not, in any way, be responsible to defend, indemnify or save harmless City from liability or judgments arising out of the intentional or negligent acts or omissions of City while performing the obligations specified by this Agreement.

10. Indemnity

County agrees on behalf of itself that it shall defend, indemnify and save harmless, City and its officers, agents, servants and employees from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of City or of County, by reason of the death of or injury to person or persons or the loss of or damage to property arising out of County's performance of its obligations under this Agreement. On ten (10) days' written notice from any of City, County will appear and defend all lawsuits against City growing out of such injuries or damages.

City agrees on behalf of itself that it shall defend, indemnify and save harmless, County and its officers, agents, servants and employees from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of City or of County, by reason of the death of or injury to person or persons or the loss of or damage to property arising out of City's performance of its obligations under this

Agreement. On ten (10) days' written notice from any employee or agent of County, City will appear and defend all lawsuits against County growing out of such injuries or damages.

11. Default, Termination and Effects of Termination

In the event that County shall fail to perform any of its obligations hereunder in conformance with the terms and conditions of this Agreement, County may be deemed to be in default hereof. In the event of a default by County, City shall have the right to send notice to County thereof as provided for in Paragraph 14. below and to demand that County cure the same. If County shall not have cured any such default within Twenty (20) days of the sending of notice thereof or, in the event that cure is not possible within said Twenty (20) day period, shall not have commenced said cure within said Twenty (20) day period and diligently have prosecuted said cure to completion as soon as practically possible, City shall have the right to terminate this Agreement. In the event of such termination, City shall have the right to immediately undertake the assessment of real property in the City of Hibbing and City shall be immediately entitled to all records and other information used or useful in the assessment of such property available to County, whether or not in County's possession. In addition, City shall be entitled to recover from County its costs of re-establishing a City Assessor's Office, including but not limited to the cost of securing qualified personnel to perform the assessment functions and the physical costs associated with re-establishing the office. Any waiver by City of any default by County hereunder shall not constitute a continuing waiver of that or any subsequent default.

In the event this agreement is terminated by the City during the first five years following the Operative Date, absent a default by the County, the City shall pay to the County Twenty-five Thousand Dollars (\$25,000.00) plus actual costs incurred by the County in the transition.

12. Civil Rights Assurances

Both parties and their officers, agents, servants and employees as part of the consideration under this Agreement, do hereby covenant and agree that:

- A. No person on the grounds of race, color, creed, religion, national origin, ancestry, age, sex, marital status, status with respect to public assistance, sexual orientation and/or disability shall be excluded from any participation in, denied any benefits of or otherwise subjected to discrimination with regard to the work to be done pursuant to this Agreement.
- B. That all activities to be conducted pursuant to this Agreement shall be conducted in accordance with the Minnesota Human Rights Act of 1974, as amended (Chapter 363), Title 7 of the U.S. Code and any regulations and executive orders which may be affected with regard thereto.

13. Rules and Regulations

Each party agrees to observe and comply with all laws, ordinances, rules and regulations of the United States of America, the State of Minnesota and City and their respective agencies which are applicable to its activities under this Agreement.

14. Notices

Notice to City or County provided for herein shall be sufficient if sent by the regular United States mail, postage prepaid, addressed to the parties at the addresses hereinafter set forth or to such other respective persons or addresses as the parties may designate to each other in writing from time to time:

City: City of Hibbing  
City Administrator  
401 East 21st Street  
Hibbing, MN 55746

County: St. Louis County  
Public Records and Property Valuation Director  
100 North 5<sup>th</sup> Avenue West.  
Room 101  
Duluth, MN 55802

15. Waiver

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

16. Applicable Law

This Agreement, together with all of its paragraphs, terms and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

17. Severability

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

18. Entire Agreement

It is understood and agreed that the entire agreement of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof. Any amendment to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and date first above shown.

City of Hibbing, a Minnesota  
municipal corporation

St. Louis County, a Minnesota County

By: \_\_\_\_\_  
Its Mayor

By: \_\_\_\_\_  
Its County Board Chair

By: \_\_\_\_\_  
Its City Administrator

By: \_\_\_\_\_  
Its County Administrator

ATTEST:

By: \_\_\_\_\_  
City Clerk

Countersigned:

Countersigned:

By: \_\_\_\_\_  
Its County Auditor

By: \_\_\_\_\_  
City Auditor

Approved as to form and execution:

Approved as to form:

By \_\_\_\_\_  
Leslie E. Beiers  
Assistant County Attorney

By: \_\_\_\_\_  
City Attorney