

Canton City Council
January 8, 2025 – 6 pm
Regular Meeting Agenda

1. Call to order
2. Pledge of Allegiance
3. Oath of Office (Dowling, Hafner)
4. Approval of agenda
5. Consent agenda
 - a) Approval of December 11, 2024 Regular Meeting Minutes
 - b) Approval of January Disbursements
 - c) Approval to waive Town Hall rental fee for American Red Cross Blood Drive in Feb.
 - d) Approval of \$100 donation to Mabel-Canton Post Prom
6. Council Board
 - a) Consider Resolution 2025-01: Accepting Mayor Nordsving's resignation and declaring a vacancy
 - b) Consider Resolution 2025-02: Filling Vacancy in the Office of Mayor
 - c) Consider Resolution 2025-03: Filling Vacancy on the City Council
7. Public comments
8. Reports
 - a) Mayor
 - b) Clerk & Deputy Clerk
 - c) Public Works
 - d) Fire Department
 - e) Police
 - f) Planning Commission
 - g) Other
9. Old business
 - a) Presentation by Mike Bubany of David Drown Associates regarding bond recommendations for interim financing for streets project
 - b) Consider approval of Engagement letter with DDA for services
 - c) Council action to decide method of bond sale: Competitive Sale OR Bank Placement
 - i. Resolution 2025-04: Competitive Sale OR Direct Bank Placement
10. New business
 - a) Consider approval of Resolution 2025-05: Annual City Appointments for 2025
 - b) Consider approval of Resolution 2025-06: Authorized Signatures
 - c) Consider approval to purchase 3 laptops for city staff

9. Adjourn

Upcoming Dates:

City Office Closed: Martin Luther King Jr. Day
Regular City Council Meeting

January 20
February 12 @ 6 p.m.

Canton City Council Regular Meeting Minutes December 11, 2024

Members present: Josh Nordsving, Kristy Ziegler, Jen Dowling, Jason Magnuson, Randy Gossman
City staff present: Anne Koliha, Barb Kerns, Jon Nordsving, Jim Davis
Visitor(s) present: George Hafner, Sabine Hafner

Mayor Nordsving called the regular meeting to order at 6:00 p.m.

Motion by Ziegler, seconded by Dowling to approve the agenda, motion carried.

Consent Agenda

- a) Approval of November 13, 2024 Special Meeting Minutes
- b) Approval of November 13, 2024 Regular Meeting Minutes
- c) Approval of December Disbursements

Motion by Gossman, seconded by Ziegler to approve the consent agenda, motion carried.

Public comments: none

Reports:

Mayor Nordsving: none

Deputy Clerk: none

Clerk: Koliha gave update on WWTF new load limits and permitting with MPCA – WHKS sent info to MPCA regarding compliance with nitrogen levels and MPCA has reviewed – now we continue to work with WHKS and MPCA on compliance schedules and variance requests for all new load limits. Clerk Koliha informed council of AcenTek planning to complete a fiber optic install project in the summer of 2025. Koliha then reported on the Joint meeting between Mabel City Council and Mabel-Canton School board which had a good open discussion on different topics that included: street projects being planned for both cities, solar field project at school, open discussion on four-day school week and then a school bond referendum for 8.94 million to come for vote on April 8, 2025 to include completing projects from last referendum such as air conditioning, roof replacements, tuck pointing of building, second floor open classroom repurposing, lobby/gym entrance expansion, and updates/addition to the Career Technical Education. Finally Clerk Koliha thanked Councilmember Gossman for his years of service on the City Council.

Public Works: Nordsving reported will be working on annual biosolids report. Nordsving and Davis are working on a plan for insulating at the Fire Hall above the doors. Prep work for Santa Days this weekend.

Fire Department: Clerk Koliha mentioned that the Fire Department will be donating old/outdated equipment and turnout gear to Midwest Missions which will be utilized in other countries.

Police: none

Planning Commission: none

Other: Councilmember Ziegler reported on attending the Joint Meeting and provided some further information. For the school bond referendum there will be a website to go to figure out how much it would affect peoples property taxes. Also 20 students from IA were able to stay attending Mabel-Canton by being granted educational guardianships.

Old Business

- a) Consider approval of Resolution 2024-18: MN Historical Society Grant Funding Assistance for Canton Train Depot Restoration Project
Motion by Nordsving, seconded by Ziegler to approve Resolution 2024-18: MN Historical Society Grant Funding Assistance for Canton Depot Restoration Project; motion carried.
- b) Consider approval of Resolution 2024-19: 2025 Final General Fund Budget
Motion by Ziegler, seconded by Dowling to approve Resolution 2024-19: 2025 Final General Fund Budget; motion carried.
- c) Consider approval of Resolution 2024-20: Final Certified Tax Levy
Motion by Dowling, seconded by Ziegler to approve Resolution 2024-20: Final Certified Tax Levy; motion carried.
- d) Consider approval of Resolution 2024-21: 2025 Final Sewer Fund Budget
Motion by Ziegler, seconded by Magnuson to approve Resolution 2024-21: 2025 Final Sewer Fund Budget; motion carried.
- e) Consider approval of Resolution 2024-22: 2025 Final Water Fund Budget
Motion by Dowling, seconded by Ziegler to approve Resolution 2024-22: 2025 Final Water Fund Budget; motion carried.
- f) Consider approval of Resolution 2024-23: 2025 Final Fire Department Budget
Motion by Ziegler, seconded by Nordsving to approve Resolution 2024-23: 2025 Final Fire Department Budget; motion carried.

New Business

- a) Consider approval of Ordinance 2025-01: 2025 Fee Schedule
Motion by Gossman, seconded by Magnuson to approve Ordinance 2025-01: 2025 Fee Schedule effective January 1, 2025; motion carried.
- b) Consider approval of summary publication of Ordinance 2025-01: 2025 Fee Schedule
Motion by Ziegler, seconded by Nordsving to approve a summary publication of Ordinance 2025-01: 2025 Fee Schedule in the Fillmore County Journal; motion carried.
- c) Consider approval of Resolution 2024-24: 2025 Election polling place designation
Motion by Dowling, seconded by Nordsving to approve Resolution 2024-24: 2025 Election polling place designation; motion carried.
- d) Consider approval of Resolution 2024-25: Fire Department gambling exempt permit application
Motion by Ziegler, seconded by Gossman to approve Resolution 2024-25: Fire Department gambling exempt permit application; motion carried.

- e) Consider approval of Resolution 2024-26: Canton Community Association gambling exempt permit application
Motion by Magnuson, seconded by Ziegler to approve Resolution 2024-26: Canton Community Association gambling exempt permit application; motion carried.
- f) Consider approval of Resolution 2024-27: Adopt the Provisions of MN Basic Code of Ordinances 10.98 and a Schedule of Offenses and Voluntary Administrative Penalties
Motion by Nordsving, seconded by Dowling to approve Resolution 2024-27: Adopt the Provisions of MN Basic Code Ordinances 10.98 and a Schedule of Offenses and Voluntary Administrative Penalties; motion carried.
- g) Consider reinvestment of Sewer Fund CD #44955 (\$29,531.76 maturity 12/19/24)
- h) Consider reinvestment of Liquor Store CD #44957 (\$36,996.57 maturity 12/23/24)
- i) Consider reinvestment of Vail Estate CD #44956 (\$138,152.41 maturity 12/23/24)
Motion by Nordsving, seconded by Ziegler to reinvest the full amounts of the Sewer Fund CD, Liquor Store CD and the Vail Estate CD with First Southeast Bank for a 12 month term at special rate offer of 4% for each CD; motion carried.

Motion by Ziegler, seconded by Dowling to adjourn the meeting at 6:19 p.m.; motion carried.

January 2025 Disbursements

General Fund

		Balance 1/1/2025: \$ 218,742.11
Acentek	\$ 223.00	Phone & Internet Services (City Hall/Town Hall)
Canon Financial*	\$ 44.00	Copier monthly contract
MiEnergy		Electric: City Hall
MiEnergy		Electric: Town Hall
MiEnergy		Electric: Bus Shed
MiEnergy		Electric: Street Lights
MiEnergy		Electric: Welcome Sign
MiEnergy		Electric: Ball Field
MN Energy Resources*	\$ 126.11	Gas: City Hall
MN Energy Resources*	\$ 202.45	Gas: Maintenance Shop
MN Energy Resources*	\$ 342.54	Gas: Town Hall
Nordsving, Jon	\$ 50.00	Cell phone stipend
Tri-State Business Machines	\$ 59.02	Copier monthly contract
Wright Way Computers	\$ 42.00	Monthly computer services
LMC Insurance Trust	\$ 7,403.25	2025 premiums (Auto/Liability/Property)
Nethercut Schieber Attorneys	\$ 60.00	Legal fees
Carolina Hershberger	\$ 162.00	City Hall cleaning (Nov-Dec 2023)
Fillmore County Journal	\$ 104.63	summary of Ordinance 2025-01 Schedule of Fees
League of MN Citites	\$ 562.00	2025 Membership Dues
Kingsley Mercantile	\$ 28.96	cleaning supplies
Ironside Trailer Sales	\$ 31.98	hydraulic fluid for snow plow
Total General Fund Disbursements	\$ 9,441.94	

Mitson Fund

		Balance 1/1/2025: \$ 14,131.49
MiEnergy		Electric: Mitson House
LMC Insurance Trust	\$ 1,261.00	2025 premiums (Property)
Total Mitson Disbursements	\$ 1,261.00	

Water Fund

		Balance 1/1/2025: \$ 223,349.47
Acentek	\$ 40.56	Phone dialer system
Gopher State One Call	\$ 2.70	Locates
MiEnergy		Electric: Pump House
LMC Insurance Trust	\$ 2,055.75	2025 premiums (Property)
Total Water Disbursements	\$ 2,099.01	

Sewer Fund

		Balance 1/1/2025: \$ 40,746.34
Acentek	\$ 40.56	Phone: WWTF
MiEnergy		Electric: WWTF
Utility Consultants	\$ 618.12	Samples
LMC Insurance Trust	\$ 6,138.75	2025 premiums (Property/Liability)
WHKS	\$ 1,800.00	WWTF Evaluation - Engineering services
Total Sewer Disbursements	\$ 8,597.43	

Garbage Fund

		Balance 1/1/2025: \$ 1,130.57
Richard's Sanitation	\$ 2,530.08	Monthly service charge
Total Garbage Disbursements	\$ 2,530.08	

Fire Department

		Balance 1/1/2025: \$ 75,319.59
Acentek	\$ 64.95	Internet services
MiEnergy		Electric: Fire Hall
MiEnergy		Electric: Cooler
MN Energy Resources*	\$ 273.75	Gas: Fire Hall
LMC Insurance Trust	\$ 4,105.25	2025 premiums (Auto/Property)
Volunteer Firefighters' Benefit Assoc of MN	\$ 200.00	Annual Revealal
Hammell Equipment	\$ 538.35	Batteries
Total Fire Department Disbursements	\$ 5,182.30	

Ballfield & Park

Balance 1/1/2025: \$ 4,377.02

Total Monthly Disbursements **\$ 29,111.76** * EFT Payments

City of Canton
***Cash Balances**

Cash Account: 10100
December 2024

Fund	2024 Begin Balance	Receipts	Disbursements	Transfers	Journal Entries	Payroll JEs	Balance	
10100 - CHECKING								
101 - GENERAL FUND	\$226,047.01	\$325,552.40	(\$283,856.03)	0	\$0.00	(\$49,001.27)	\$218,742.11	In Balance
102 - MITSON HOUSE FUND	\$15,364.36		(\$1,232.87)	0	\$0.00		\$14,131.49	In Balance
105 - FIRE DEPARTMENT	\$51,815.67	\$48,390.24	(\$19,998.98)	0	\$0.00	(\$4,887.34)	\$75,319.59	In Balance
108 - BALLFIELD/PARK FUND	\$4,377.02	\$1,600.00	(\$1,600.00)	0	\$0.00		\$4,377.02	In Balance
601 - WATER FUND	\$181,722.27	\$113,161.24	(\$36,708.29)	0	\$0.00	(\$34,825.75)	\$223,349.47	In Balance
602 - SEWER FUND	\$42,645.67	\$102,317.72	(\$63,858.59)	0	\$0.00	(\$40,358.46)	\$40,746.34	In Balance
603 - GARBAGE FUND	(\$1,691.63)	\$32,479.48	(\$29,657.28)	0	\$0.00		\$1,130.57	In Balance
	\$520,280.37	\$623,501.08	(\$436,912.04)	\$0.00	\$0.00	(\$129,072.82)	\$577,796.59	

GENERAL FUND

2024 Beginning Balance	\$ 226,047.01
Receipts	\$ 325,552.40
Disbursements	\$ 332,857.30
2024 Ending Balance (Final)	\$ 218,742.11

EXPENDITURES

	<u>2024 Budget</u>	<u>2024 Jan-Dec</u>	<u>% of Budget</u>
Wages: Admin Staff	\$ 39,000.00	\$ 38,898.12	99.7%
Wages: Maintenance Staff	\$ 56,000.00	\$ 52,979.54	94.6%
Council Wages	\$ 4,300.00	\$ 4,300.00	100.0%
PERA	\$ 6,400.00	\$ 6,609.15	103.0%
FICA	\$ 6,700.00	\$ 7,357.50	109.0%
Insurance	\$ 18,000.00	\$ 17,401.00	96.7%
Office Supplies	\$ 2,775.00	\$ 2,489.37	89.7%
Operating Supplies	\$ 8,300.00	\$ 6,240.36	75.2%
Repair/Maint: Buildings	\$ 5,000.00	\$ 745.95	14.9%
Repair/Maint: Streets	\$ 5,000.00	\$ 802.19	16.0%
Street Maint Materials	\$ 5,000.00	\$ 2,786.49	55.7%
Equipment (sm tools/machinery)	\$ 60,000.00	\$ 95,759.52	159.0%
Professional Services	\$ 18,000.00	\$ 14,301.45	79.4%
Communications	\$ 5,000.00	\$ 4,313.66	86.3%
Transportation/Travel	\$ 200.00	\$ -	0.0%
Miscellaneous	\$ 500.00	\$ 3,860.00	772.0%
Donations	\$ 300.00	\$ 100.00	33.3%
Awards & Recognition	\$ 500.00	\$ 225.00	45.0%
Summer Rec	\$ 3,220.00	\$ 3,220.00	100.0%
City Fire Protection	\$ 7,440.00	\$ 7,440.00	100.0%
Ambulance	\$ 4,030.00	\$ 4,030.00	100.0%
Police Department	\$ 44,530.00	\$ 44,530.00	100.0%
Electric Utilities	\$ 9,600.00	\$ 9,552.12	99.5%
Gas Utilities	\$ 5,275.00	\$ 2,964.11	56.2%
<u>TOTAL EXPENDITURES</u>	<u>\$ 315,070.00</u>	<u>\$ 330,905.53</u>	<u>105.0%</u>

REVENUE

	<u>2024 Budget</u>	<u>2024 Jan-Dec</u>	
Property Taxes	\$ 181,370.00	\$ 162,094.57	89.4%
Local Government Aid	\$ 105,250.00	\$ 105,250.00	100.0%
Other Aid	\$ 8,000.00	\$ 12,254.60	153.0%
Fines/Forefeits	\$ 500.00	\$ 304.97	61.0%
Licenses/Permit	\$ 1,000.00	\$ 1,795.20	180.0%
Rentals	\$ 1,800.00	\$ 1,870.00	104.0%
Reimbursements	\$ 2,500.00	\$ 1,337.61	53.5%
Miscellaneous		\$ 38,280.84	
Interest Earnings	\$ 1,000.00	\$ 940.13	94.0%
Public Safety Aid	\$ 13,653.00	\$ 13,653.00	100.0%
<u>TOTAL REVENUES</u>	<u>\$ 315,073.00</u>	<u>\$ 337,780.92</u>	<u>107.0%</u>

WATER FUND

2024 Beginning Balance	\$ 181,722.27
Receipts	\$ 113,161.24
Disbursements	\$ 71,534.04
2024 Ending Balance (Final)	\$ 223,349.47

<u>OPERATING EXPENDITURES</u>	<u>2024 Budget</u>	<u>2024 Jan-Dec</u>	<u>% of Budget</u>
Wages: Admin Staff	\$ 13,000.00	\$ 12,769.70	98.2%
Wages: Maintenance Staff	\$ 17,800.00	\$ 17,963.42	101.0%
PERA	\$ 1,800.00	\$ 1,741.42	96.7%
FICA	\$ 2,400.00	\$ 2,351.21	98.0%
Office Supplies	\$ 1,500.00	\$ 1,161.48	77.4%
Operating Supplies	\$ 3,000.00	\$ 4,342.21	144.0%
Repair/Maint.	\$ 10,000.00	\$ 7,523.81	75.2%
Engineering Fees	\$ -	\$ -	0.0%
Communications	\$ 700.00	\$ 625.15	89.3%
Insurance (Property)	\$ 1,000.00	\$ 949.00	94.9%
Miscellaneous	\$ 1,500.00	\$ 420.00	28.0%
Electric Utilities	\$ 8,000.00	\$ 7,103.64	88.8%
TOTAL EXPENDITURES	\$ 60,700.00	\$ 56,951.04	93.8%

<u>NON-OPERATING EXPENDITURES</u>			
Debt Service Bond Principal	\$ 14,000.00	\$ 14,000.00	100.0%
Debt Service Bond Interst	\$ 583.00	\$ 583.00	100.0%
TOTAL NON-OPERATING EXPENDITURES	\$ 14,583.00	\$ 14,583.00	100.0%

TOTAL EXPENDITURES	\$ 75,283.00	\$ 71,534.04	95.0%
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<u>OPERATING REVENUE</u>			
Water Sales	\$ 105,432.00	\$ 108,919.47	103.0%
Water Connection/Penalty		\$ 1,402.43	
Misc. Revenue		\$ 2,839.34	
TOTAL OPERATING REVENUE	\$ 105,432.00	\$ 113,161.24	107.3%

GARBAGE FUND

2024 Beginning Balance	\$ (1,691.63)
Receipts	\$ 32,479.48
Disbursements	\$ 29,657.28
2024 Ending Balance (Final)	\$ 1,130.57

<u>EXPENDITURES</u>	<u>2024 Jan-Dec</u>
Contracted Services	\$ 29,657.28
TOTAL EXPENDITURES	\$ 29,657.28

<u>REVENUES</u>	
Refuse Sales	\$ 32,254.95
Refuse Penalty	\$ 224.53
TOTAL REVENUE	\$ 32,479.48

SEWER FUND

2024 Beginning Balance	\$ 42,645.67
Receipts	\$ 102,317.72
Disbursements	\$ 104,217.05
2024 Ending Balance (Final)	\$ 40,746.34

<u>OPERATING EXPENDITURES</u>	<u>2024 Budget</u>	<u>2024 Jan-Dec</u>	<u>% of Budget</u>
Wages: Admin Staff	\$ 13,000.00	\$ 12,769.58	98.2%
Wages: Maintenance Staff	\$ 23,000.00	\$ 22,768.22	99.0%
PERA	\$ 2,100.00	\$ 2,101.97	100.0%
FICA	\$ 2,600.00	\$ 2,718.69	104.0%
Office Supplies	\$ 1,500.00	\$ 1,184.48	79.0%
Operating Supplies	\$ 12,600.00	\$ 12,004.13	95.3%
Repair/Maint.	\$ 16,000.00	\$ 8,965.49	56.0%
Engineering Fees	\$ -	\$ 7,200.00	0.0%
Communications	\$ 550.00	\$ 504.60	91.7%
Insurance (Property & Liability)	\$ 5,600.00	\$ 5,077.00	90.7%
Miscellaneous	\$ 1,500.00	\$ -	0.0%
Electric Utilities	\$ 12,300.00	\$ 9,772.89	79.5%
TOTAL OPERATING EXPENDITURES	\$ 90,750.00	\$ 85,067.05	93.7%

<u>NON-OPERATING EXPENDITURES</u>			
Debt Service Bond Principal	\$ 12,000.00	\$ 12,000.00	100.0%
Debt Service Bond Interst	\$ 7,414.00	\$ 7,150.00	96.4%
TOTAL NON-OPERATING EXPENDITURE:	\$ 19,414.00	\$ 19,150.00	98.6%

TOTAL EXPENDITURES	\$ 110,164.00	\$ 104,217.05	94.6%
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<u>OPERATING REVENUE</u>			
Sewer Sales	\$ 98,340.00	\$ 101,684.16	103.0%
Sewer Penalty		\$ 633.56	
Misc. Revenue			
TOTAL OPERATING REVENUE	\$ 98,340.00	\$ 102,317.72	104.0%

CD Values

12/31/2024

	Current Balance	Interest Rate	Term (Months)	Maturity Date
Wilken Park	\$ 10,259.57	1.50%	6	4/28/2025
Sewer Fund	\$ 29,901.92	4.00%	12	12/19/2025
Liquor Store	\$ 37,467.90	4.00%	12	12/23/2025
Vail Estate	\$ 140,076.70	4.00%	12	12/21/2025
General Fund	\$ 56,419.80	0.85%	60	4/14/2027



FIRE DEPARTMENT

2024 Beginning Balance	\$	51,815.67
Receipts	\$	48,390.24
Disbursements	\$	24,886.32
2024 Ending Balance (Final)	\$	75,319.59

<u>Expenditures</u>	<u>2024 Budget</u>	<u>2024 Jan-Dec</u>	<u>% of Budget</u>
Wages	\$ 7,000.00	\$ 4,887.34	69.8%
PERA	\$ 3,000.00	\$ 3,000.00	100.0%
Training	\$ 2,000.00	\$ -	0.0%
Insurance	\$ 2,700.00	\$ 2,684.00	99.4%
Equipment/Repairs	\$ 17,300.00	\$ 8,158.48	47.2%
Supplies/PPE	\$ 5,000.00	\$ 1,270.21	25.4%
Fuel	\$ 1,500.00	\$ 369.09	24.6%
Electric Utilities	\$ 1,600.00	\$ 1,488.86	93.1%
Gas Utilities	\$ 2,000.00	\$ 1,035.85	51.8%
Communications	\$ 1,300.00	\$ 1,061.07	81.6%
Miscellaneous	\$ 1,000.00	\$ 931.42	93.1%
<u>Total Expenditures</u>	<u>\$ 44,400.00</u>	<u>\$ 24,886.32</u>	56.1%

<u>Revenues</u>			
Township Services	\$ 26,466.50	\$ 25,045.50	94.6%
City Services	\$ 7,440.00	\$ 7,440.00	100.0%
Fire Calls	\$ 2,500.00	\$ 950.00	38.0%
Donations	\$ 5,000.00	\$ 10,545.00	210.0%
Grants	\$ -	\$ -	0.0%
Fire Relief Contribution	\$ 3,000.00	\$ 3,883.57	129.0%
Training Reimbursement	\$ -	\$ -	0.0%
Miscellaneous	\$ -	\$ 526.17	0.0%
<u>Total Revenues</u>	<u>\$ 44,406.50</u>	<u>\$ 48,390.24</u>	109.0%

MITSON HOUSE

2024 Beginning Balance	\$	15,364.36
Receipts	\$	-
Disbursements	\$	1,232.87
2024 Ending Balance (Final)	\$	14,131.49

<u>EXPENDITURES</u>	<u>2024 Jan-Dec</u>
Repair/Maint.	\$ 129.86
Property Insurance	\$ 665.00
Miscellaneous	\$ 45.00
Electric Utilities	\$ 393.01
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,232.87</u>

REVENUE

Misc.	\$	-
<u>TOTAL REVENUES</u>	<u>\$</u>	<u>-</u>

BALLFIELD/PARK

2024 Beginning Balance	\$	4,377.02
Receipts	\$	1,600.00
Disbursements	\$	1,600.00
2024 Ending Balance (Final)	\$	4,377.02

<u>EXPENDITURES</u>	<u>2024 Jan-Dec</u>
Repair/Maint.	
Miscellaneous	\$ 1,600.00
<u>TOTAL EXPENDITURES</u>	<u>\$ 1,600.00</u>

REVENUE

Transfer of Funds	\$	-
Miscellaneous	\$	1,600.00
Grant Funds	\$	-
<u>TOTAL REVENUES</u>	<u>\$</u>	<u>1,600.00</u>

6

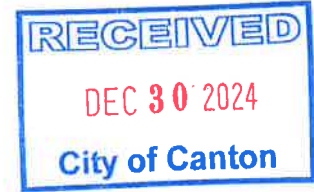
Joshua Nordsving

201 E. Fillmore Ave.

Canton, MN 55922

507-450-1870

Jnordsving10@yahoo.com



December 28th, 2024

Dear City of Canton

I am writing to inform you of my resignation, effective January 1st, 2025. Due to recent circumstances, I must resign from the Mayor Position. I do not want current issues from my personal life to reflect badly on the City of Canton. I sincerely apologize for the short notice.

Thank you for the support and opportunities I have received during my time as Mayor. I truly appreciate it and will always be grateful for the experience as Mayor of Canton.

While the timeframe is limited, I am happy to assist with the transition in any way I can.

Sincerely,
Joshua Nordsving

City of Canton

Resolution #2025-01

A RESOLUTION ACCEPTING RESIGNATION AND DECLARING A VACANCY

WHEREAS, the City Council has received the written resignation of Mayor Joshua Nordsving, effective on January 1, 2025.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Canton, Fillmore County, Minnesota:

1. The City Council accepts Mayor Joshua Nordsving's resignation as described above.
2. The City Council declares that a vacancy exists in the Office of Mayor, effective January 8, 2025.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Acting Mayor

ATTEST:

Anne Koliha, City Clerk

City of Canton

Resolution #2025-02 A RESOLUTION FILLING VACANCY IN THE OFFICE OF MAYOR

WHEREAS, Mayor Joshua Nordsving resigned from the Office of Mayor, effective on January 1, 2025, and;

WHEREAS, by Resolution #2025-01, the City Council accepted Mayor Joshua Nordsving's resignation and declared a vacancy in the Office of Mayor on January 8, 2025, and;

WHEREAS, Mayor Nordsving's term of office would have expired on December 31, 2026, and;

WHEREAS, less than two years remained in the unexpired term of Mayor Nordsving's office; therefore pursuant to Minnesota Statue 412.02, subdivision 2a, the City Council shall appoint a person to serve the balance of Mayor Nordsving's unexpired portion of his term in office.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Canton, Fillmore County, Minnesota:

1. By majority vote of the City Council, Councilmember Kristy Ziegler is appointed Mayor of the City of Canton.
2. Mayor Ziegler shall serve as Mayor until December 31, 2026.
3. By this appointment, the City Council declares that a vacancy exists on the City Council of the seat previously held by Mayor Ziegler. Her term of office as Councilmember expires on December 31, 2026.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk

City of Canton

Resolution #2025-03 A RESOLUTION FILLING VACANCY ON THE CITY COUNCIL

WHEREAS, by Resolution # 2025-02, Councilmember Kristy Ziegler was appointed Mayor of the City of Canton, and;

WHEREAS, by this appointment, the City Council declared that a vacancy exists on the City Council of the seat previously held by Mayor Ziegler, with her term of office as Councilmember expiring on December 31, 2026, and;

WHEREAS, less than two years remained in the unexpired term of Mayor Ziegler's office; therefore pursuant to Minnesota Statute 412.02, subdivision 2a, the City Council shall appoint a person to serve the balance of Mayor Ziegler's unexpired portion of her term in office.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Canton, Fillmore County, Minnesota:

1. The City Council will appoint a person to fill the vacant seat on the City Council position until December 31, 2026.
2. The City Council will accept letters of interest for the vacant City Council position from qualified residents until 12 p.m. on February 5, 2025.
3. Letters of interest should be submitted to the City Clerk at City Hall, 106 N Main St.
4. The City Council will determine its appointment during the regular February 12, 2025, City Council meeting.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk



Office of the FILLMORE COUNTY SHERIFF

JOHN DEGEORGE Sheriff
LANCE BOYUM Chief Deputy
901 Houston St. NW
PRESTON, MN 55965-1080

Tel: 507-765-3874
Emergency Dial 911
Fax: 507-765-2703

Date: January 1, 2025
To: Canton City Council
From: Leif Erickson, Deputy Sheriff
John DeGeorge, Fillmore County Sheriff
Re: October, November, December 2024 Monthly Council Report

Calls for Service / Patrol Activity:

Reported Date	Title	Street Name
2024-10-02	Custody Dispute	Main St
2024-10-08	Traffic	HWY 52
2024-10-15	Animal Complaint	HIGHWAY 52
2024-10-20	Suspicious Activity	FIRST ST
2024-10-21	Mental Health	HWY 52
2024-10-27	Child Abuse	Fillmore Ave
2024-11-16	Domestic Disturbance	US 52
2024-11-21	Civil	1ST ST
2024-12-05	Domestic Disturbance	FILLMORE AVE
2024-12-08	Ambulance	MAIN ST
2024-12-22	Animal Complaint	MAIN ST
2024-12-22	Assist	FILLMORE AVE
2024-12-22	Civil	FILLMORE AVE
2024-12-24	Suspicious Activity	MAIN ST



DDA

David Drown Associates, Inc.
Public Finance Advisors

Spring Valley Office:
29359 County 38
Spring Valley, MN 55975
Phone 507-346-7895 | Cell 507-273-2443
Fax 612-605-2375
www.daviddrown.com

December 23, 2024

VIA EMAIL

ENGAGEMENT LETTER

Mayor & City Council
Anne Koliha, City Clerk
City of Canton, Minnesota

RE: Municipal Advisor

Dear Council Members and Ms. Koliha:

We are writing this letter as required under the new Municipal Advisor rules of the Municipal Securities Rulemaking Board (the "MSRB") and the Securities and Exchange Commission (the "SEC.") As a registered municipal advisor working with you, we are required to provide a written description of our advisory relationship and to make certain other disclosures.

Our Role as Municipal Advisor

As your municipal advisor, we are held to the very highest standard of loyalty and care with an **explicit fiduciary duty** to act in your best interests. This means several important things:

- We have a duty to exercise due care in performing municipal advisory activities.
- We have a duty of loyalty, requiring us to act in your best interest without regard to our own financial or other interests.
- We must have the knowledge and expertise needed to provide you with informed advice.
- We have a duty understand you and your specific situation and to follow your directions, so our advice is suitable for you.
- We are required to make reasonable inquiries and investigations as to the facts supporting our recommendations and work products.
- We have a duty to discuss with you material risks, benefits, and alternatives we considered when determining what might serve your interests best.

Disclosure of Conflicts of Interest

A municipal advisor may not legally provide advice if certain **unmanageable conflicts** exist, such as providing financial advice and then purchasing related securities or engaging in kickback arrangements. Other *potential, yet manageable* conflicts of interest must be disclosed to you in writing, with sufficient detail and explanations of how we intend to manage or mitigate each conflict. There are several potential conflicts of interest that may apply to our engagement with you:

Compensation. All forms of compensation are viewed to represent a potential conflict of interest by the MRSB. Our Standard Fee Schedule incorporates several forms of compensation:

- **Fixed Fee.** This form of compensation represents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the financial advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives or fail to do a full analysis of alternatives.
- **Fee Based upon Principal Amount.** This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the

securities issue for the purpose of increasing the advisor's compensation.

- **Hourly Fee.** An hourly fee form of compensation presents a potential conflict of interest if the client and advisor do not agree on a reasonable maximum amount at the outset of each engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked.
- **Contingent Fee.** This form of compensation presents a potential conflict of interest because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. When facts or circumstances arise that could cause the financing to be delayed or fair to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances.

Our plan to mitigate conflicts of interest regarding compensation is to assure our standard fees reasonably reflect the expected costs of standard services, and to avoid a transaction-based relationship with our clients such that compensation on any one transaction is of secondary importance to maintaining a long-term relationship.

Executive Search Services. David Drown Associates, Inc. has a sister company which provides executive search services to units of government in Minnesota. In situations where an Clerk was hired through our recruitment efforts and/or recommendations, we may be in a position to unduly influence that Clerk's financial judgments or future decisions.

We have mitigated this conflict by instituting procedures which require review and approval by another senior level advisor of all written recommendations.

MN Rural Water Association. David Drown Associates, Inc. serves as the financial advisor for MRWA's MIDI, MICRO, MEGA and Interim Funding Programs. In that capacity, we process loan requests and serve as municipal advisor to borrowers seeking to utilize these funding programs. This relationship with MRWA represents a potential conflict of interest in that we have an incentive to recommend the use of these funding programs and to exclude due consideration of other options or alternatives.

We have mitigated this conflict of interest by agreement with MRWA that we will not process loans where other financing mechanisms are clearly superior, and we maintain internal procedures that explicitly include a review of other funding options before acting upon a loan request.

Scope of Service & Compensation

It is our intention for this Letter of Engagement to evidence a general, long-term relationship with you, as opposed to a relationship that is specific to only one transaction. We provide you a full range of customary financial advisory services without exclusion or limitation and will honor our fiduciary duties to you in all aspects of our work. In cases where either of us wishes to the limit the scope of our engagement – for example, where you have already reached a decision on a particular financing, or where we lack availability or expertise in a specific area – we will address this limitation by supplemental, written communication to you.

All compensation will be based upon the rates shown on the attached Standard Fee Schedule (as may be amended from time to time).

For Professionals seeking the “Issuer has hired an independent municipal advisor exemption”

Professionals such as attorneys, engineers and accountants and underwriters provide you with financial advice from time to time. To guard against being considered an unregistered municipal advisor, these professionals may ask you to confirm in writing that you are represented by and will rely on the advice of an *independent registered municipal advisor*.

David Drown Associates, Inc. hereby certifies we are a registered municipal advisor in good standing, with no associations or affiliations that will reasonably affect our independent judgment in evaluating proposals or advice you may receive from us or from other entities.

If the City is asked to provide written confirmation that the City has an independent registered municipal advisor, we suggest the following written response:

RE: Designation of Independent Registered Municipal Advisor

The City of Canton has retained David Drown Associates, Inc. as our registered independent municipal advisor. Your firm provides or seeks to provide professional services and advice to the City with regard to the following project:

(insert general description of the project or transaction)

The City of Canton is represented by and will rely upon the financial advice of David Drown Associates, Inc. with regard to this project or transaction. You are authorized and directed to copy David Drown Associates, Inc. on all communications with the City having to do with financial matters.

You are reminded of your requirement to provide a written disclosure to both the City and to David Drown Associates, Inc. that, because the City is represented by a registered independent municipal advisor, your firm is not subject to the fiduciary duty established in Section 15B(c)(1) of the Exchange Act with respect to the municipal financial product or issuance of municipal securities.

I would be happy to discuss any aspect of this letter and MSRB rules with you at your convenience.

Respectfully Submitted,



Mike Bubany, Associate
David Drown Associates, Inc.
mike@daviddrown.com

Acknowledgement

The undersigned hereby acknowledges receipt of this disclosure and that the governing board has been given the opportunity to raise questions and discuss the foregoing matters with the advisor.

City of Canton, Minnesota

City Clerk

Date

STANDARD FEE SCHEDULE

January 1, 2023

General Obligation Bond Issues:

<u>Principal Amount</u>	<u>Fiscal Fee</u>
0 to \$250,000	7,500
\$250,000 to \$500,000	10,000
\$501,000 to 1,000,000	13,000
\$1,000,000 to 2,000,000	16,000
\$2 to \$3 million	19,000
\$3 to \$4 million	22,000
\$4 to \$5 million	25,000
\$5 to \$10 million	30,000
\$10 to \$15 million	35,000
Over \$15 million	35,000 plus \$750 per million

Fees are for a single G.O. bond issue. Fees for multiple issues sold concurrently are based on combined principal amount plus \$2,000 per additional issue. Client is responsible for other costs of issuance including but not limited to bond counsel, pay agent, rating agency, underwriter's fee, certificate fees and out-of-pocket expenses.

Revenue and Lease-Purchase Financings:

Revenue bonds or lease-purchase transactions are generally charged 125% of above rates.

Tax Increment Finance/Tax Abatement Projects/TIF Reporting:

Standard fee to research, draft, process, and certify a TIF plan is \$5,500. Fees for redevelopment districts are generally \$1,000 to \$2,500 higher, depending upon the numbers of parcels involved. Basic fee to negotiate the terms of a development agreement is \$1,500. Annual TIF report fee is \$1,000 plus \$500 for each TIF District. Standard fee to process a Tax Abatement project is \$3,500. The client shall be responsible for out of pocket expenses and expenses of other professionals, such as bond counsel and building inspection.

Continuing Disclosure:

Full Disclosure: Annual fee is \$1,500 per year for each class of issues (G.O. bonds are one class) plus \$300 for each bond issue within that class up to an annual maximum of \$3,000 per class. The annual fee is waived if the Client has a recent Official Statement containing required information. Client is responsible for costs of a county auditor certificate, if required.

"Limited" Disclosure and/or Significant Event Reporting: Annual fee of \$300 per issue capped at \$750 for the filing of Audited Financial Statements with MSRB/EMMA.

Hourly Service Rates:

	<u>Hourly Rate</u>
Principal	\$200
Senior Advisor	150
Associate	100
Clerical	50

Expenses: Actual cost, except mileage is billed at Federal Mileage Rate (for 2023 this is 62.5 cents/mile)



DDA

David Drown Associates, Inc.
Public Finance Advisors

Minneapolis Office:
5029 Upton Avenue South
Minneapolis, MN 55410
612-920-3320 (phone); 612-605-2375 (fax)
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January 19, 2021

RECOMMENDATIONS

VIA EMAIL

Josh Nordsving, Mayor
Anne Koliha, City Clerk
City of Canton
106 North Main Street
Canton, MN 55922

RE: Temporary General Obligation Utility Revenue Bonds, Series 2025A

Honorable Mayor Nordsving, Members of the City Council and Ms.Koliha:

The purpose of this letter is lay out my recommendations for the issuance of Temporary General Obligation Utility Revenue bonds to fund pre-project engineering expenses associated with the anticipated water and wastewater system improvements the City is pursuing with USDA.

STATUTORY AUTHORITY

The good news here is that statutory authority allowing the City to issue this debt is quite flexible. Chapter 444 allows cities to issue debt for water and sewer projects without public hearings, protest petitions, or debt limits. The only caveat is that the City must pledge system revenues to the repayment of the debt...no taxes, unless in an emergency.

BOND SIZING

The bonds will be sized based on method of sale selected by the Council (public competitive sale vs direct bank placement). For the purpose of this letter, I am assuming a public sale. Projected costs are as follows:

Project Costs	1,350,000
Discount Allowance (1%)	13,900
Costs of Issuance	26,900
Rounding	<u>(800)</u>
REFUNDING NOTE SIZE	\$1,390,000

METHOD OF SALE

City debt can be issued in a variety of ways. Bonds can be sold on the open market to the lowest bidder where they'll be traded. They can be sold as part of a government program, such as the City is currently pursuing with USDA. Or, they can be sold as a direct placement with a single purchaser, such as a commercial bank. However, the funds for this issue, which are only needed on a temporary basis, will likely yield the best results via a competitive, public sale coupled with the State of Minnesota's Credit Enhancement Program.

However, a direct bank placement, utilizing MN Rural Water Association's direct bank placement program would provide results that are somewhat competitive and may represent less of a burden on staff. Please see the attached exhibit which compares the two methods.

I plan to present these methods to the Council at the meeting on January 8th. If the City would like to pursue the competitive, public sale, it should adopt the included Set Sale Resolution. If it would prefer the direct bank placement method, it should make a motion / vote to approve submitting the attached MRWA application.

I very much look forward to visiting the City again.

Yours truly,



Mike Bubany, Associate
David Drown Associates, Inc.

Enc. (2) Resolution Providing for Sale
 MRWA Loan Application

cc Kevin Graves & Darren Sikkink, City Engineers

PUBLIC SALE NON RATED w Credit Enhancement

\$ 1,350,000	Pre-Project Engineering Expenses
\$ 13,900	Underwriter
\$ 16,000	Fiscal
\$ 8,000	Bond Counsel
\$ 500	State Fee
\$ 750	Pay Agent
\$ -	(Premium) / Original Issue Discount
\$ 1,650	POS / Misc / Other
\$ (800)	Rounding
<hr/>	
\$ 1,390,000	TOTAL BORROWING

PMT DATE	PRIN	RATE	YIELD	INT	P&I	Pay Agent	TOTAL PMTS
<i>3/3/2025 assumed dated date</i>							
3/1/2026	\$ -	3.50%	3.50%	\$ 48,380	\$ 48,380	\$ 495	\$ 48,875
3/1/2027	\$ -	3.50%	3.50%	\$ 48,650	\$ 48,650	\$ 495	\$ 49,145
3/1/2028	\$ 1,390,000	3.50%	3.50%	\$ 48,650	\$ 1,438,650	\$ -	\$ 1,438,650
	\$ 1,390,000			\$ 145,680	\$ 1,535,680	\$ 990	\$ 1,536,670 << TOTALS
							\$ 800 << Rounding
							\$ 1,537,470 << TOTAL NET PMTS

Net Pmts after 1 year >>	\$ 1,439,675
Net Pmts after 2 years >>	\$ 1,488,820
Net Pmts after 3 years >>	\$ 1,537,470

BANK PLACEMENT

\$ 1,350,000	Pre-Project Engineering Expenses
\$ -	Underwriter
\$ 14,750	Fiscal -
\$ 5,400	Bond Counsel
\$ 1,350	MRWA Sponsor
\$ 750	Pay Agent
\$ 500	State Fee
\$ 1,350	POS / Misc / Other - includes \$500 State Fee
\$ (100)	Rounding
<hr/>	
\$ 1,374,000	TOTAL BORROWING

PMT DATE	PRIN	RATE	YIELD	INT	P&I	Pay Agent	TOTAL PMTS
<i>3/3/2025 assumed dated date</i>							
3/1/2026	\$ -	4.50%	4.50%	\$ 61,487	\$ 61,487	\$ 395	\$ 61,882
3/1/2027	\$ -	4.50%	4.50%	\$ 61,830	\$ 61,830	\$ 395	\$ 62,225
3/1/2028	\$ 1,374,000	4.50%	4.50%	\$ 61,830	\$ 1,435,830	\$ -	\$ 1,435,830
	\$ 1,374,000			\$ 185,147	\$ 1,559,147	\$ 790	\$ 1,559,937 << TOTALS
							\$ 100 << Rounding
							\$ 1,560,037 << TOTAL NET PMTS

Net Pmts after 1 year >>	\$ 1,435,982
Net Pmts after 2 years >>	\$ 1,498,207
Net Pmts after 3 years >>	\$ 1,560,037



Minnesota Rural Water Association Loan Application Form v. 5.7.2019

PROGRAM CRITERIA

	<u>Micro-Loan</u>	<u>Midi-Loan</u>	<u>Mega-Loan</u>
Loan Amount	up to \$250,000 up	up to \$1,000,000	up to \$3,000,000
Repayment Term	to 10 years	up to 15 years	up to 20 years
Security	General Obligation	General Obligation	General Obligation
Borrower Population	200 persons	400 (200 if not declining)	600 Persons
Borrower Debt Levels	< \$5,000 per capita <10% debt/market value	< \$5,000 per capita <10% debt/market value	< \$5,000 per capita <10% debt/market value

Additional Terms for Mega-Loans:
Maximum Average Life of 12 years
General Fund unassigned balance at least 35% of current year expenditures

PROGRAM FEES (all inclusive*)

<u>Loan Amount</u>	<u>Micro-Loan</u>	<u>Midi-Loan</u>	<u>Mega-Loan</u>
Under \$50,000	\$3,700	-	-
\$50,001 to \$100,000	\$5,000	-	-
\$101,001 to \$250,000	\$5,550	\$10,200	-
\$250,001 - \$500,000	-	13,925	-
\$500,001 - 750,000	-	16,250	-
\$750,001 - \$1 million	-	18,200	-
\$500,000 - \$1 million	-	-	19,250
\$1 million - \$2 million	-	-	23,600
\$2 million - \$3 million	-	-	26,850

* Additional fees may apply if applicant elects to use non-program lenders / bond counsels or for special exemptions. Loans may be subject to annual pay agent fees. All loans may be subject to additional fees if special statutory authority process is required. Contact David Drown Associates for exact fees at 612-920-3320, ext. 102.

APPLICATION INFORMATION

(or simply apply on-line at www.daviddrown.com or www.mrwa.com)

TYPE OF LOAN: Micro-Loan _____ Midi-Loan _____ Mega-Loan X

PROJECT: Please provide a brief description of the project:

Pre-project engineering for anticipated water and wastewater system improvements (USDA project)

Project cost: 1,350,000 Requested Repayment term: 3 years
 Loan Amount Request: cost plus issuance Date Funds are Needed: March
 BORROWER: City of Canton Primary Contact: Anne Koliha, Clerk
 Phone Number: 507 743 5000 Contact email: clerk@cantonmn.com
 Mailing Address: 106 N. Main Street, PO Box 92 55922
 Office Hours: M - Th 7 - 3, F 8 - Noon Federal Tax ID Number: 41-6005034

APPROVAL: When will Council/Board meet to approve final loan documents? (allow 1 week to process)

Date: 1/8/2025 Time: 6 PM

Documents for agenda packets are needed by: 1/3/2025

Regular Council/Board meetings are held (day of the week/time): 2nd Wed 6 PM

OFFICIALS

<u>Name</u>	<u>Office</u>	<u>Year Term Began</u>	<u>Year Term Ends</u>
Kristy Ziegler	Mayor/ Chair	_____	2026
Jen Dowling	Member	_____	2026
Jason Magnuson	Member	_____	2026
George Hafner	Member	_____	2028
_____	Member	_____	2028
_____	Clerk/Treasurer	_____	_____
_____	Administrator	_____	_____

REQUIRED ATTACHMENTS

- Electronic* copy of the borrower's most recent audited financial statement (3 years for Mega.)
- Provide a payment schedule for any debt obligations not shown in last audit. (None: x _____)
- Provide a list of any capital projects/debt to be issued during the next 12 months. (None: x _____)
- Mega borrowers will be required to provide additional information – we will advise what is needed.

CLOSING: Transfer of funds is normally accomplished by cashier or certified check mailed to the borrower on the date of closing. Midi- and Mega-Loan borrowers (not Micro-Loan) have the *option* of receiving funds by wire if wiring instructions are provided below (or attached):

Wiring Instructions: check

CERTIFICATIONS

- The Borrower is applying for a Micro-, Midi- or Mega-Loan. The final loan terms will be outlined in a resolution to be approved by the governing board at a future date.
- The Program Fees (outlined above) will be added to the requested loan amount and paid automatically at closing. Payment of the program fee is contingent upon Loan closing. Payment of the rating fee, if required, is the Borrower's responsibility if Loan is not closed.
- For all Loans, David Drown Associates, Inc. will be retained as your financial advisor. MSRB rules require municipal advisors to act in the Borrower's best interest. The Borrower does hereby certify it has read and accepted the terms outlined in the attached Standard Agreement and Engagement Letter.
- Fryberger, Buchanan, Smith & Frederick, P.A serves as the Program's standard bond counsel.
 - We wish to use the Program's bond counsel and hereby certify we have read and accepted the terms outlined in the Standard Bond Counsel Services Agreement. (document on file at www.MRWA.com).
 - We wish to use another bond counsel firm or lender (additional fees will apply).
Name of firm and/or lender: _____
- When required, Northland Trust Services will be retained as the paying agent, registrar, transfer and fiscal agent for the Loan. The Borrower hereby certifies it has read and accept the terms outlined in the Standard Trust Services Agreement (document on file at www.MRWA.com).
- The Borrower does hereby certify that the project financed by the Loan will be owned, occupied, used and operated entirely/exclusively by the Borrower. No part of the project will be leased to, occupied by, or provide a special benefit to a non-governmental entity (*attach a note describing any exceptions*).
- The Borrower further certifies that there is no litigation threatened or pending that would question the Borrower's right to issue debt or impair the Borrower's ability to make payments on debt outstanding or contemplated (*attach a note describing any exceptions*).
- The Borrower has never defaulted in the payment of any indebtedness (*attach a note if exceptions*).

By our signatures below, the Borrower certifies that all the above information is true and accurate.

Authorized Official

Date

Please submit complete application to either of the following addresses. Allow at least one week for processing.

Lori Blair
Minnesota Rural Water Association
217 12th Avenue SE
Elbow Lake, MN 56531
Phone (218) 685-5197 | Fax (218) 685-5272
mrwa@mrwa.com

David Drown, President
David Drown Associates, Inc.
5029 Upton Avenue South
Minneapolis, MN 55410
Phone (612) 920-3320 | Fax (612)-605-2375
david@daviddrown.com

STANDARD AGREEMENT & ENGAGEMENT LETTER FOR MUNICIPAL ADVISORY SERVICES

David Drown Associates, Inc. ("Municipal Advisor") has been selected to serve as the Municipal Advisor for Issuers participating in the Micro, Midi and Mega Loan programs (the "Program"). By submitting a signed Minnesota Rural Water Association Loan Application Form (the "Application") for a Program Loan and by approving a Resolution providing for the sale of Bonds through the Program, you are designating David Drown Associates, Inc. to serve as the Municipal Advisor for the loan. This document is our written arrangement on the role the Municipal Advisor will serve and responsibilities the Municipal Advisor will assume in connection with the issuance of general obligation bonds by the Issuer (the "Loan") as described in the Application completed by the Issuer and also the fees the Municipal Advisor will charge.

Section 1: Municipal Advisor Role. The Municipal Advisor is engaged as a recognized independent expert whose primary responsibility is to give objective fiscal advice on the structure and issuance of the Loan under state and federal securities law. We will provide some, or all, of the following services to determine suitability of the Loan for the applicant:

- a. Evaluate legal options/alternatives for issuance of debt taking into account borrower's objectives, revenue availability and other factors.
- b. Prepare preliminary financing schedules and options for review and consideration by the Borrower.
- c. Evaluate the suitability of Program loans to meet borrower's objectives and advise the borrower of other suitable alternatives.
- d. Upon receipt of a completed Application, the Municipal Advisor will prepare final payment and cashflow schedules and related offering documents.
- e. For certain Mega loans, prepare application materials and assist the borrower in securing a bond rating.
- f. Secure a binding commitment for the sale/placement of the loan with pre-screened program lenders and/or other underwriters or lenders as necessary.
- g. Work with bond counsel to prepare a Resolution and other documents necessary to finalize and close the loan.
- h. Provide assistance in coordinating closing and transfer of funds.
- i. Draft a closing letter summarizing the transaction and providing guidance in accounting for loan proceeds and budgeting for future payments.

Section 2: Engagement Letter & Disclosure of Conflicts of Interest. Rules established by the Municipal Securities Rulemaking Board ("MRSB") and the Securities Exchange Commission ("SEC") requires the registered Municipal Advisor tasked with administering the various low cost loan programs offered via MN Rural Water Association ("MRWA"), to provide a written description of its advisory relationship and to make certain other disclosures in regards to potential conflicts of interest. The applicant recognizes that by submitting the attached application that it has requested and approved David Drown Associates, Inc. ("DDA") to act as Municipal Advisor to the community on this particular engagement. This means that DDA is to be held to the very highest standard of loyalty and care with an *explicit fiduciary duty* to act in your community's best interests. This means several important things:

- DDA has a duty to exercise due care in performing municipal advisory activities.
- DDA has a duty of loyalty, requiring us to act in your best interest without regard to our own financial or other interests.
- DDA must have the knowledge and expertise needed to provide you with informed advice.
- DDA has a duty understand you and your specific situation and to follow your directions, so our advice is suitable for you.
- DDA is required to make reasonably inquiries and investigations as to the facts supporting our recommendations and work products.
- DDA has a duty to discuss with you material risks, benefits, and alternatives considered that might serve your interests better.

Disclosure of Conflicts of Interest: A municipal advisor may not undertake an engagement without disclosing in writing how *potential* conflicts of interest will be managed and mitigated. There are several potential conflicts of interest that may apply to our engagement with you:

Compensation Conflicts of Interest

- Fixed Fees or "Lump Sum". This form of compensation represents a potential conflict of interest because if the transaction requires more work than originally contemplated, the financial advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives or fail to do a full analysis of alternatives.
- Fee Based upon Principal Amount. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue for the purpose of increasing the advisor's compensation.
- Contingent Fee. This form of compensation presents a potential conflict of interest because the advisor may have an incentive to recommend unnecessary financings or financings that are disadvantageous to the client. When facts or circumstances arise that could cause the financing to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances.

Our plan to mitigate conflicts of interest regarding compensation is to assure the program standard fee schedule reasonably reflects the expected costs of standard services.

MN Rural Water Association Conflicts of Interest. David Drown Associates, Inc. serves as the financial advisor for MRWA's MEGA, MIDI, MICRO and Interim Funding Programs. In that capacity, we process loan requests and serve as municipal advisor to borrowers seeking to utilize these funding programs. This relationship with MRWA represents a potential conflict of interest in that we have an incentive to recommend the use of these funding programs and to exclude due consideration of other options or alternatives. We have mitigated this conflict of interest by agreement with MRWA that we will not process loans where other financing mechanisms are clearly superior, and we maintain internal procedures that explicitly include a review of other funding options before acting upon a loan request.

Section 3: Term of Engagement. Upon closing and delivery of closing, our responsibilities as Municipal Advisor will be concluded with respect to this financing and we do not undertake (unless separately engaged) to provide continuing advice to you or any other party.

Section 4: Fees & Expenses. The Municipal Advisor's fees will be incorporated into and paid from the Program Fee shown on the Application Form. Our fee shall be contingent upon successful sale and closing of a Loan (see disclosure of conflicts of interest above). In the event we are asked to provide additional services outside the scope of Program activities, we will notify you of these services and costs in advance.

CERTIFICATION OF ENGAGEMENT

By submitting a signed application, the applicant hereby certifies that David Drown Associates, Inc. is hereby engaged to serve as our community's Municipal Advisor associated with the attached loan application. It is further certified that DDA has fully and completely disclosed all potential conflicts of interest and the plans to mitigate such conflicts. We understand that DDA will investigate our financial position to determine the suitability of the loan programs for our project. We understand and accept any findings that determine the loan programs may be unsuitable for our community or if more beneficial financing alternatives may be suggested.

City of Canton

Resolution #2025-04

RESOLUTION PROVIDING FOR THE COMPETITIVE NEGOTIATED SALE OF \$1,390,000 TEMPORARY GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2025A

WHEREAS, the City Council of the City of Canton, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue the City's \$1,390,000 Temporary General Obligation Utility Revenue Bonds, Series 2025A (the "Bonds"), to finance pre-project engineering expenses associated with water and wastewater system improvements; and

WHEREAS, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota ("David Drown"), as its independent financial advisor for the Bonds and is therefore authorized to sell the Bonds by a competitive negotiated sale in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9):

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

1. **Authorization.** The Council hereby authorizes David Drown Associates to solicit bids for the competitive negotiated sale of the Bonds.
2. **Meeting: Bid Opening.** The Council shall meet at the time and place specified in the Terms of Offering attached hereto as Exhibit A for the purpose of considering sealed bids for, and awarding the sale of the Bonds. David Drown Associates, as designee, shall open bids at the time and place specified in such Terms of Offering.
3. The Council wishes to issue the Bonds using the **Minnesota Public Facilities Credit Enhancement Program.**
 - a. The Form of Minnesota Public Facilities Authority Credit Enhancement Agreement (the "Agreement") and the Application of Participation in the PFA Credit Enhancement Program (the "Application") are authorized and approved in substantially the forms presented to the Council. Submission of the Application to the PFA and payment of related fees are approved. The City hereby covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 446A.086, as it may be amended from time to time. The City understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 446A.086, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.
 - b. The City hereby covenants and obligates itself to notify the Minnesota Public Facilities Authority of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 446A.086 to guarantee payment of the principal and interest on the Bonds when due. The City further covenants to deposit with the Bond Registrar or any successor paying agent three (3)

days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Minnesota Public Facilities Authority that it will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Minnesota Public Facilities Authority if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day two (2) business days prior to the payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar.

c. The City further covenants to comply with all procedures now or hereafter established by the Department of Finance and Minnesota Public Facilities Authority pursuant to Minnesota Statutes, Section 446A.086 subdivision 3 and otherwise to take such actions as necessary to comply with that section. The Mayor and City Clerk are authorized to execute any applicable Minnesota Public Facilities Authority forms and to provide for the payment of the City's application fee of \$500 to the Authority, or will reimburse DDA for their payment of the fee on the City's behalf, which fee is required to be submitted with the executed forms.

4. **Terms of Offering**. The terms and conditions of the Bonds and the negotiation thereof are fully set forth in the "Terms of Offering" attached hereto as Exhibit A and hereby approved and made a part hereof.

5. **Official Statement**. In connection with said competitive negotiated sale, the officers or employees of the City are hereby authorized to cooperate with David Drown Associates and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk

EXHIBIT A

TERMS OF OFFERING

City of Canton, Minnesota

\$1,390,000

Temporary General Obligation Utility Revenue Bonds, Series 2025A

(BOOK ENTRY ONLY)

TERMS OF PROPOSAL

Proposals for the Bonds will be received on Wednesday, February 12, 2025 at 11:00 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, 55410 after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 6:00 P.M., Central Time, on that same date.

SUBMISSION OF PROPOSALS

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:00 a.m., local time on February 12, 2025. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:00 a.m., local time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City of Canton nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

DETAILS OF THE BONDS

The Bonds will be dated March 3, 2025, as the date of original issue, and will bear interest payable on March 1 and September 1 of each year, commencing September 1, 2025. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature March 1 in the year and amount as follows:

<u>Year</u>	<u>Amount</u>
2028	\$1,390,000

TERM BOND OPTION

Bids 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 and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term Bonds, the bid must specify as 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/Certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

REGISTRAR

The City will name Northland Bond Services, a division of First National Bank of Omaha, Minneapolis, MN, as registrar for the Bonds. Northland Bond Services shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on March 1, 2026 and on any day thereafter, to prepay Bonds due on or after March 1, 2027. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. The City has pledged utility system revenues to make the semi-annual payments. The proceeds will be used to finance pre-project engineering expenses associated with water and wastewater system improvements.

TYPE OF PROPOSALS

Proposals shall be for not less than \$1,376,100.00 (99.00%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$27,800.00 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. 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.

AWARD

The proposals will be evaluated on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

MATURITY ADJUSTMENTS

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;
- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal Bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

CUSIP NUMBERS

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

SETTLEMENT

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, 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 which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

LIMITED CONTINUING DISCLOSURE

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide annual financial information including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5). A description of the City's undertaking is set forth in the Official Statement.

OFFICIAL STATEMENT

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor of the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55410, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 5 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated: January 8, 2025

BY ORDER OF THE CITY COUNCIL

/s/ Anne Koliha
City Clerk

City of Canton

Resolution #2025-04

RESOLUTION PROVIDING FOR THE DIRECT BANK PLACEMENT OF \$1,374,000 TEMPORARY GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2025A

WHEREAS, the City Council of the City of Canton, Minnesota (the "City"), has heretofore determined that it is necessary and expedient to issue the City's \$1,374,000 Temporary General Obligation Utility Revenue Bonds, Series 2025A (the "Bonds"), to finance pre-project engineering expenses associated with water and wastewater system improvements; and

WHEREAS, the City has retained David Drown Associates, Inc., in Minneapolis, Minnesota ("David Drown"), as its independent financial advisor for the Bonds and is therefore authorized to submit the Minnesota Rural Water Association Loan Application for direct bank placement:

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

1. **Authorization.** The Council hereby authorizes David Drown Associates to submit the application to Minnesota Rural Water Association Loan Application for direct bank placement.
2. The Council wishes to issue the Bonds using the **Minnesota Public Facilities Credit Enhancement Program.**
 - a. The Form of Minnesota Public Facilities Authority Credit Enhancement Agreement (the "Agreement") and the Application of Participation in the PFA Credit Enhancement Program (the "Application") are authorized and approved in substantially the forms presented to the Council. Submission of the Application to the PFA and payment of related fees are approved. The City hereby covenants and obligates itself to be bound by the provisions of Minnesota Statutes, Section 446A.086, as it may be amended from time to time. The City understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 446A.086, the provisions of that section shall be binding as long as any Bonds of this issue remain outstanding.
 - b. The City hereby covenants and obligates itself to notify the Minnesota Public Facilities Authority of a potential default in the payment of principal and interest on the Bonds and to use the provisions of Minnesota Statutes, Section 446A.086 to guarantee payment of the principal and interest on the Bonds when due. The City further covenants to deposit with the Bond Registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Minnesota Public Facilities Authority that it will be unable to make all or a portion of that payment. The Bond Registrar for the Bonds is authorized and directed to notify the Minnesota Public Facilities Authority if it becomes aware of a potential default in the payment of principal or interest on the Bonds or if, on the day

- two (2) business days prior to the payment is due on the Bonds, there are insufficient funds to make that payment on deposit with the Bond Registrar.
- c. The City further covenants to comply with all procedures now or hereafter established by the Department of Finance and Minnesota Public Facilities Authority pursuant to Minnesota Statutes, Section 446A.086 subdivision 3 and otherwise to take such actions as necessary to comply with that section. The Mayor and City Clerk are authorized to execute any applicable Minnesota Public Facilities Authority forms and to provide for the payment of the City's application fee of \$500 to the Authority, or will reimburse DDA for their payment of the fee on the City's behalf, which fee is required to be submitted with the executed forms.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk

MINNESOTA PUBLIC FACILITIES AUTHORITY CREDIT ENHANCEMENT PROGRAM AGREEMENT

This Credit Enhancement Program Agreement, ("the Agreement"), is made between the Minnesota Public Facilities Authority (the "Authority") and Canton, Minnesota (the "Governmental Unit"), in order to comply with the requirements of Minnesota Statutes, Section 446A.086 (the "Act"). The Governmental Unit has passed a resolution dated January 8, 2025, (the "Resolution") authorizing the issuance of its \$1,390,000 Temporary General Obligation Utility Revenue Bonds, Series 2025A (the "Bonds"), the proceeds of which will be used to provide funds for pre-project engineering expenses associated with water and wastewater system improvements. The Governmental Unit represents that the Resolution authorizes the Governmental Unit to enter into this Agreement and obligates the Governmental Unit to be bound by the provisions of the Act. The Governmental Unit and the Authority agree as follows:

Section 1. The Governmental Unit will deposit with Northland Bond Services, a division of First National Bank of Omaha (and any subsequent paying agent) (the "Paying Agent") three business days before the date on which each payment is due on the Bonds an amount sufficient to make that payment.

Section 2. The Governmental Unit will notify the Authority not less than 15 business days prior to the date a payment is due on the Bonds if the Governmental Unit will be unable to make all or a portion of the payment. Notification shall be provided by faxing and mailing a completed and executed Notification of Potential Default form to the Authority.

Section 3. The Governmental Unit will include a provision in its agreement with the Paying Agent for the Bonds that requires the Paying Agent to immediately inform the Minnesota Commissioner of Management and Budget, with a copy to the Authority, if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the Bonds or if, on the day two business days before the date a payment is due on the Bonds, there are insufficient funds on deposit with the Paying Agent to make the payment. For purposes of this paragraph and the Act, funds invested in a refunding escrow account established under Minnesota Statutes, Section. 475.67 that are to become available to the Paying Agent on a principal or interest payment date are deemed to be on deposit with the Paying Agent three business days before the payment date.

Section 4. The provisions of this Agreement are binding with respect to the Bonds as long as the Bonds remain outstanding.

Section 5. According to its terms, the Act is a contract with bondholders and may not be amended or repealed for the covered bonds so long as the covered bonds are outstanding.

Section 6. The Governmental Unit agrees to provide the Authority with a copy of the final debt service schedule for the Bonds within 30 days of the closing date and an estimate of the interest savings that will be achieved by participation in the program.

Section 7. The Authority has reviewed the application of the Governmental Unit dated _____, and, based solely upon the application, the opinion of bond counsel and the provisions of this Agreement, verifies that the Bonds are participating in the Credit Enhancement Program established pursuant to the Act, and that if the Governmental Unit is unable to make any portion of the payment on the Bonds on or before the date due, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. **The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the legislature to provide for the availability of funds in the General Fund for this purpose.**

Section 8. The Authority will provide to the Governmental Unit upon request, or to its duly authorized agent, any information which the State of Minnesota files with the Nationally Recognized Municipal Securities Information Repositories pursuant to the State's obligations under rule 15c2-12.

Section 9. The Governmental Unit agrees to notify the Authority if the Paying Agent is replaced by a subsequent paying agent and to provide to the Authority a certification by the subsequent paying agent in the form set forth for the original paying agent below.

IN WITNESS WHEREOF, the Authority and the Governmental Unit acknowledge their assent to this Agreement and agree to be bound by its terms and the terms of the Act through their signatures entered below.

1. CANTON, MINNESOTA:

By: _____

Title: Mayor

Date: _____

By: _____

Title: City Clerk

Date: _____

2. PUBLIC FACILITIES AUTHORITY:

By (auth. signature): _____

Title: Executive Director

Date: _____

3. COMMISSIONER OF ADMINISTRATION:

As delegated to: Office of State Procurement

By (auth. signature): _____

Date: _____

Admin ID: _____

PAYING AGENT CERTIFICATION

The undersigned Paying Agent for the bonds of Canton , Minnesota in the original principal amount of \$ 1,390,000 referred to in the Agreement to which this certification is attached acknowledges, understands, and agrees to be bound by the procedures contained in Minnesota Statutes, Section 446A.086 and the Agreement which, in part, requires that the Paying Agent notify the Minnesota Commissioner of Management and Budget, with a copy to the Minnesota Public Facilities Authority if it becomes aware of a default or a potential default in the payment of principal or interest on those debt obligations, or if, on the day two business days prior to the date a payment is due on those debt obligations, there are insufficient funds to make the payment on deposit with the Paying Agent. Notification shall be provided by faxing and mailing a completed and executed Paying Agent Notification of Potential Default form to the Commissioner of Management and Budget and the Authority.

I, Scott R Miles, do hereby certify that I am a Director duly appointed and acting as such, of the Paying Agent, and am authorized to execute this Certificate on behalf of the Paying Agent.

By: _____ Date: _____
 Signature - Paying Agent Authorized Representative

TO BE COMPLETED BY THE PAYING AGENT			
Name of Paying Agent Northland Bond Services, a division of First National Bank of Omaha			
Address 150 South Fifth Street, Suite 3300		City Minneapolis	State MN
Zip 55402		Telephone Number 612-851-5914	Fax Number 612-851-4933
Paying Agent Contact Person Scott R Miles	Title Director	Telephone Number 612-851-5914	Fax Number 612-851-4933
Paying Agent's Name of Bank Wells Fargo, National Association		Paying Agent's Bank Account Name Northland Bond Services, a division of First National Bank of	
Bank Association Number ,121-000-248		Paying Agent Bank Account Number 143-6412710	
Paying Agent Federal Tax ID 20-1369079		State Tax ID 7134229	

City of Canton

Resolution #2025-05

RESOLUTION TO CERTIFY ANNUAL CITY APPOINTMENTS FOR 2025

Whereas, Minnesota State Statues require that the city council shall annually, at its first meeting of each year, designate annual appointments;

Now, therefore, be it resolved by the Canton City Council as follows:

The following appointments are hereby approved, effective immediately upon adoption:

Acting Mayor	Jason Magnuson
Official Newspaper	Fillmore County Journal
Official Depository	First Southeast Bank
City Attorney	Nethercut Schieber
City Auditor	Smith Schafer
Authorized Signatures	Anne Koliha, Barb Kerns, Kristy Ziegler, Jason Magnuson
Fire Chief	Kyle Ryan
Assistant Fire Chief	Jeremy Hanson
Regular Meeting Night	Second Wednesday of the month
Regular Meeting Time	6 p.m.
Regular Meeting Location	Canton Town Hall, 107 N Ash St.
Polling Place	Balloting by mail precinct
Posting Place	Canton City Hall, 106 N Main St.
Personnel Committee	Kristy Ziegler, Jen Dowling
Utilities Committee	Jason Magnuson, George Hafner
Streets Committee	Jason Magnuson, George Hafner
Parks/Rec Committee	Jen Dowling, Kristy Ziegler
Finance Committee	Kristy Ziegler, Jason Magnuson
Planning Committee	Jim Davis, George Hafner, Josh Nordsving
Zoning Administrator	Clerk Anne Koliha
Standard Mileage Rate	Current 2025 IRS Rate

Passed and adopted by the Canton City Council this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk

City of Canton

Resolution #2025-06

A RESOLUTION APPROVING AUTHORIZED SIGNATURE

WHEREAS, the City of Canton desires to grant signing and authority to certain person(s) described hereunder;

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Canton, Fillmore County, Minnesota:

1. Removal of Joshua Nordsving from authorized signatures.
2. Addition of Jason Magnuson (Acting Mayor) as authorized signature.
3. Continuation of Anne Koliha (City Clerk), Barb Kerns (Deputy Clerk) and Kristy Ziegler (Mayor) as authorized signatures.

Passed and adopted by the City Council of Canton, Minnesota this 8th day of January 2025.

Kristy Ziegler, Mayor

ATTEST:

Anne Koliha, City Clerk