

PROCEEDINGS OF THE
MARTIN COUNTY BOARD OF COMMISSIONERS
TUESDAY, FEBRUARY 21, 2012
@ 9:00 A.M.

The regular meeting of the Martin County Board of Commissioners was called to order at 9:00 a.m. by Chairman Donnelly.

Commissioners present were Belgard, Potter, Schmidtke, and Pierce. Also present were Scott Higgins, Martin County Coordinator, James Forshee, Martin County Auditor/Treasurer, Kevin Peyman, Martin County Highway Engineer, Terry Viesselman, Martin County Attorney, Jennifer Brookens, Sentinel Newspaper, Rod Halvorsen, KSUM/KFMC Radio, Julie Walters, Administrative Assistant, and members of staff and public.

The Honorable Judge Robert Walker conducted the swearing in ceremony for newly elected District One Commissioner Elliot Belgard. Belgard was sworn in and will receive his election certificate.

Motion by Commissioner Pierce, seconded by Commissioner Potter, Be It Resolved that the Martin County Board of Commissioners, hereby approve the agenda with the following additions: 8.7 Consider Reassignment of Commissioner Standing Committees; and 8.8 Consider Resolution Approving the Post-Issuance Compliance Procedure and Policy for Tax-Exempt Government Bonds. Carried unanimously.

Motion by Commissioner Schmidtke, seconded by Commissioner Pierce, Be It Resolved that the Martin County Board of Commissioners, hereby approve the minutes of the February 7, 2012 regular Board of Commissioners meeting. Carried unanimously.

Terry Viesselman, Martin County Attorney, was present and had nothing new to report.

Judd Schultz, Housing Services Director with Minnesota Valley Action Council, presented an update regarding Minnesota Valley Action Council's application on behalf of Martin County for the Small Cities Development Program. Schultz stated last spring they came before the Board and requested submitting a countywide Small Cities application on behalf of Martin County. Schultz stated that we started our pre-work on the application in which we included the towns of Ceylon, Dunnell, Granada, Northrop, Sherburn, Trimont, and Welcome. The City of Truman could not be included because they currently have small cities disaster relief money. Out of those seven communities we developed a waiting list of over 280 people that were interested in the program which is based on income eligibility. We were informed recently by the Minnesota Department of Employment and Economic Development (DEED) that the application process was changing even though we had already submitted our pre-application. Schultz stated that DEED need to change the system due to findings by the Housing and Urban Development (HUD) Office. The issue was that in the review process, the program's staff worked through the application so that everyone was funded. Over 60 applications were essentially invited to make a full application and those requests totaled \$33.5 million dollars. There is only approximately \$14 million dollars available, so less than half the applications are expected to be funded. Since

they have to go back and follow the rules they established in 2005 of that \$14 million if they follow their rules strictly only 30% of that money can go toward single purpose applications, which would be housing or public facilities authorities. This is essentially what we have applied for on behalf of Martin County. Again, the majority of that \$33.5 million is single purpose applications. So based on these findings, if we submitted the application as we have it for seven communities we would not get funded. Schultz noted one of the things they're looking at is impact from the program. Therefore, the county wide application we have submitted needs to be revised. So we started looking at the seven communities we had included in the original application, and we felt there were three communities that could probably do an application on their own, and their chances of being funded would be better. We felt these communities that could be excluded would be Sherburn, Trimont, and Welcome. We felt the other four cities of Ceylon, Dunnell, Granada, and Northrop had more commonality and we could keep them together in an application because they're smaller, and they probably don't really have a commercial component the other communities have in them. Grouping these communities together would make more sense and out of those four communities there are still 100 households that are on our initial list and a really good number for those four small communities. Schultz suggested that the current application could be modified, we possibly would have only gotten 20 to 24 projects for the entire county, but now we can ask for more for these four communities, which we could go up to the maximum of \$600,000 and ask for probably 30 to 35 projects which will make a bigger impact in each of those communities. Schultz went on to note we have done some preliminary work including windshield surveys in these four communities to assess the housing standards, assessing what's substandard and what's okay. Schultz continued this year's application is going to be a hybrid and next year there will be a lot more work involved. The Martin County Board of Commissioners have already endorsed a countywide Small Cities Development Program application and now we request and recommend changing the application to just those four communities of Ceylon, Dunnell, Granada, and Northrop. I will then go speak to the cities of Sherburn, Trimont, and Welcome, pull them out of this modified application, and work with them on a separate application for next year. After discussion,

Motion by Commissioner Schmidtke, seconded by Commissioner Potter, Be It Resolved that the Martin County Board of Commissioners, hereby approve modification of the Minnesota Valley Action Council's Small Cities Development Program application for 2012 funding through the Minnesota Department of Employment and Economic Development (DEED) to include on the small cities of Ceylon, Dunnell, Granada, and Northrop, and not delete the cities of Sherburn, Trimont, and Welcome, in Martin County, MN. Carried unanimously.

Rebecca Bentele, Victim Services Coordinator, was present to review information and request consideration regarding a proposal to establish and implement a Visitation Center in Martin County. Bentele stated there have been conversations for several months between Martin County Human Services, Martin County Victim Services, the Martin County Attorney's Office, Fairmont Police Department, Martin County Coordinator, Martin County Mentoring, and the Fairmont Area Kinship Program, in efforts to bring a Visitation Center to Martin County. Bentele stated at the November 15, 2011 regular Board of Commissioners meeting, Commissioners agreed that the steering committee could pursue further efforts toward the possibility of establishing a Visitation Center in Martin County; and also supported the idea of possibly working with the Keep Me Safe Program in Mankato, MN in providing some technical

and training guidance in this effort, as well as possibly hiring a part-time employee to coordinate the activities of a Visitation Center and the volunteers that would supervise scheduled parenting time between child and parent. Bentele went on to state the Visitation Center would supervise both exchanges of children (picking up of the child and dropping the child off), as well as supervised visits between parent and child; the types of cases would include families where the children are in foster care, families where a guardian ad litem is assigned due to a custody dispute, CHIPS (child in need of protection or services) cases, families that are receiving in-home services through Martin County Human Services, families involved in Orders for Protection, families working with private attorneys on custody and divorce matters where a guardian ad litem is not assigned; a Coordinator (hired as a part-time county employee) would oversee the operations of the Visitation Center, complete risk assessments, train volunteers, etc.; trained volunteers would supervise exchanges and visits between parents and children; the proposed site for the Visitation Center would be at the Kinship House in Fairmont, MN; and there might be a small fee assessed to parents when utilizing the Visitation Center.

Bentele continued there would be costs associated with establishing and maintaining a Visitation Center and outlined anticipated expenditures as follows:

First Year

◆ Consulting fees/technical support, etc. from Keep Me Safe Program	\$ 2,000 per year
◆ Salary for part-time coordinator of Visitation Center	\$12,000
◆ One-time start up cost for computer, desk, etc.	\$ 3,000
◆ On-going program needs (paper, postage, phone, etc.)	<u>\$ 1,800</u>
Total Annual Investment	\$18,800

Second Year & Years Following

◆ Consulting fees/technical support, etc. from Keep Me Safe Program	\$ 1,000
◆ Annual salary for part-time Coordinator of Visitation Center	\$12,000
◆ On-going program needs (paper, postage, phone, etc.)	<u>\$ 1,800</u>
Total Annual Investment	\$14,800

Annual In-Kind Dollars/Services

◆ Annual rent of a space for the Visitation Center (\$600/mo.)	\$ 7,200
◆ Annual utilities for a space for the Visitation Center (\$200/mo.)	\$ 2,400
◆ Toys and furniture that already exist at the proposed location	\$ 5,000
◆ Use of volunteers rather than paid staff (20/wk @ \$14/hr x 50 wks)	<u>\$14,000</u>
Total Annual In-Kind Dollars	\$28,600

Bentele noted according to Martin County Human Services data, they have had over the last six months, 11 families (24 children) needing supervised visitations. This would average out to a cost per child of approximately \$784 if based on the “first year” annual County investment. It would average out to a cost per child of approximately \$617 if based on the “second year and years following” annual County investment.

Bentele noted that cost for the space (including utilities) has not been totally determined as of yet whether there will be a charge or not.

Bentele, along with Greg Broolsma, Chief of Police-City of Fairmont, and Terry Viesselman, Martin County Attorney, presented information pertaining to research that shows us that bonding between parent and child or “attachment” is vital to the overall development of a child, most significantly in the first three years of a child’s life. A Visitation Center would aid in providing a safe and healthy environment for which a child and parent could nurture their relationship. Children who lose an attachment relationship may never attach again; and neglect is devastating and no matter how bad things are with their parents, most children do not want to leave. Through research, forty developmental assets have been identified as necessary components of a child’s upbringing and environment. The higher the number of developmental assets that a child acquires, the lower the risk is for the child to engage in at-risk behaviors, and the less likely the child would display physical or emotional behaviors.

Bentele continued other areas that may support a need for the Visitation Center include:

- ◆ Currently there are social workers at Human Services conducting a supervised visit, which takes them away from other areas of their work.
- ◆ Having a safe and healthy environment for visits between child and parent could increase the stability of the child and potentially reduce out-of-home placements or reduce the potential for children to be in the “system” later.
- ◆ May aid in increasing parenting skills.
- ◆ Provides a neutral site to engage in visits between parent and child, and hopefully the Center could expand beyond “system” involvement in the future.
- ◆ This is a collaborative effort between church, volunteers, systems, mentoring groups, etc.
- ◆ Could potentially reduce the number of future situational domestic related incidents within families.

Commissioners discussed and asked questions regarding the estimated Visitation Center costs, coordinator, and volunteer qualifications. After further discussion,

Motion by Commissioner Pierce, seconded by Commissioner Potter, Be It Resolved that the Martin County Board of Commissioners, hereby approve and authorize the establishment of a Supervised Visitation Program in Martin County; and approve and authorize the recruitment to fill a part-time program coordinator position for the county supervised visitation program. Carried unanimously.

Kevin Peyman, Martin County Highway Engineer, presented a department update including the clearing of snow and ice on blacktop and gravel roads within Martin County.

Valerie Jepsen, Martin County Mentoring Program Coordinator, was present to request approval to submit an application for Martin County Youth Foundation grant funding in the amount of \$2,500.00. The funding will help to reduce youth risk behaviors by providing supportive mentoring relationships and youth outreach activities for children who may face challenges in their lives. The funding period would be effective June 1, 2012 through December 31, 2012.

Motion by Commissioner Potter, seconded by Commissioner Schmidtke, Be It Resolved that the Martin County Board of Commissioners, hereby approve and authorize Board Chair to sign

Martin County Mentoring Network Program's application for Martin County Youth Foundation grant funding in the amount of \$2,500.00. Carried unanimously.

Jepsen continued with an office update including reconnecting mentor and mentee matches that dissolved during the program's hiatus; and has started receiving new referrals for potential mentors.

Dan Whitman, Martin County Assessor, stated that Minnesota Statutes set guidelines as to when the County Board of Appeal and Equalization may convene; and that current law provides that the County Board of Appeal and Equalization may meet after the second Friday in June on at least one meeting day, and may meet up to ten consecutive days. The Board of Equalization for 2012 must hold a meeting that does not recess or adjourn prior to 7:00 p.m. The law also requires that at least one member of the County Board of Equalization must have received the training provided by the Department of Revenue and be certified. Whitman recommends that the 2012 Martin County Board of Appeal and Equalization be set for Tuesday, June 19, 2012 with appointments available from 6:30 p.m. through 7:00 p.m. The meeting date and time will be included on the valuation notices that are mailed to each property owner in March.

Motion by Commissioner Pierce, seconded by Commissioner Schmidtke, Be It Resolved that the Martin County Board of Commissioners, representing themselves as the Martin County Board of Appeal and Equalization, hereby approve and set the meeting date of June 19, 2012 beginning at 6:30 p.m. for the County Board of Equalization to be held in the Martin County Courthouse, 201 Lake Avenue, Fairmont, MN, First Floor – Commissioners Meeting Room; with the County Board of Commissioners serving as the Board of Equalization, along with the appointment of James Forshee, Auditor/Treasurer as a member of the Board as well. Carried unanimously.

Jeff Markquart, Martin County Sheriff, was present and had nothing new to report.

Bill Fahey, Vice President of Northland Securities (financial consultant to the County) presented a resolution declaring the official intent of Martin County to reimburse certain expenditures from the proceeds of bonds to be issued by the County for the ARMER (Allied Radio Matrix for Emergency Response) 800 MHz Project. Fahey affirmed the 800 MHz Radio System is scheduled for completion prior to year end for switching to narrowband radio for emergency communications on January 1, 2013 requiring a sizeable obligation from the County. It appeared that the County could need as much as \$1.3 million. Commissioner Pierce and Sheriff Markquart attended a meeting, last week, and obtained net cost estimates of County cost of approximately \$506,000 which is down from the gross cost of \$1.8 million, dependent on grant funds and funds on hand in the E-911 account; and an additional grant for the Fire, Rescue, etc., in the amount of \$767,160 that is pending. Fahey further stated there are a few rules that we have to live with in this project; the most serious is that the E-911 funds should be used to pay for the County share of radios. It seems that some of the grants carry language that the Local share of the radios must come from funds on hand, not borrowed funds. Therefore, we must account for the radios carefully enough to prove that the County has used funds on hand, namely the E-911 funds. Any other cost may be financed by the County. Fahey went on to state that it's a crunch time on the whole (ARMER) system. There is legislation being proposed this year, that limits what the county can levy and this includes any debt bonded after May 13, 2012. Therefore,

if you want to issue debt, we'd need to do it before that date. Otherwise you will need to cut something else from the county's budget and most counties don't have anything left to cut. However, if the County bonds for the project early, it could prevent the County from being awarded the grant. Fahey recommended that the Board contact state Representative Bob Gunther and Senator Julie Rosen in regard to the state's proposed legislation to make sure the levy limit bill has an exception to debt and not count the debt against the levy limit. After discussion,

Motion by Commissioner Pierce, seconded by Commissioner Belgard,

RESOLUTION NO. 15/12

**DECLARING THE OFFICIAL INTENT OF
MARTIN COUNTY TO REIMBURSE
CERTAIN EXPENDITURES FROM THE PROCEEDS
OF BONDS TO BE ISSUED BY THE COUNTY**

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the "Reimbursement Regulations") providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the County expects to incur certain expenditures that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of a tax-exempt bond;

WHEREAS, the County has determined to make this declaration of official intent ("Declaration") to reimburse certain costs from proceeds of bonds in accordance with the Reimbursement Regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF MARTIN COUNTY AS FOLLOWS:

1. The County proposes to undertake the following projects (the "Project").

ARMER 800 MHZ Project

2. The County reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of bonds in an estimated maximum principal amount of \$1,200,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) "preliminary expenditures" up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that

finance or are reasonably expected by the County to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the County based on the facts and circumstances known to the County as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the bonds described in paragraph 2 are consistent with the County’s budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the County are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the County's budget or financial policies to pay such Project expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Approved by the Board of Commissioners of Martin County this 21ST day of February, 2012.

MARTIN COUNTY, MINNESOTA

Chair

Attest:

County Auditor/Treasurer

Roll Call AYES: Commissioners Schmidtke, Potter, Belgard, Pierce, and Donnelly. NAYS: None. Resolution duly passed and adopted this 21st day of February, 2012.

Fahey presented a resolution declaring the official intent of Martin County to reimburse certain expenditures from the proceeds of bonds to be issued by the County for various Road Reconstruction Project(s), stating that refinancing of the current Road Reconstruction Bonds would drop the interest rates sufficiently to pass the State present value test. There are existing funds that could be used for the refinancing of these bonds. However, if these funds are going to be used for an existing project then the refinancing is out of consideration. If we do refinance the existing bonds, we would be able to reduce our cost of capital from 4% down to about 1.5% and we actually save money. But by reducing the principal now we’re going to pay less interest and pay less principal; if we lower the principal the amount of interest drops. However, the other side of it is we still have roads to be fixed we could add to the bonds and still obtain to the lower interest rates.

Scott Higgins, Martin County Coordinator, reviewed that the County had a \$3 million bond back in 2006 for road construction on which the County has been paying and now there's a fund balance of approximately \$530,000 remaining of which \$250,000 of this balance was projected to be used for refinancing of the existing bonds.

Kevin Peyman, Martin County Highway Engineer, stated what Fahey is saying is you can't just refinance at the same rate. You can either borrow more and increase what you're borrowing and go to the new rate or you can pay down and have less borrowed and go to the new rate. You can do one way or the other but you can't refinance at the same amount. Peyman questions if there is a minimum amount that you have to borrow. Peyman stated he had recently met with Highway liaisons Commissioners Schmidtke and Potter to plan for the use of the remaining bond money and to discuss what road projects the Board wished to see done or if the Board wished to hold on to the balance in case something unexpected comes up. We've got some projects in the works that we could speed up and get done a little sooner and we've got some gravel roads that we could maybe pave a couple of small stretches. We also discussed since we have sat on this money for five years now, to spend it now prior to this next year of unknowns on budgets we felt it best to not spend this money and to be conservative and hold in to that money. Peyman continued now this whole question of refinancing complicates the matter even more. We can decide to leave it as is and keep the \$537,000 in the bank; or we spend half of it to refinance to a cheaper rate; or we choose to borrow a little more and refinance to a cheaper rate.

After much discussion, Fahey stated a decision does not have to be made today, the resolution does not have to be passed today, and he will provide an amortization of refinancing scenarios discussed for Board review prior to making any decision.

It was decided by consensus of the Board to table the resolution declaring the official intent of Martin County to Reimburse Certain Expenditures from the Proceeds of Bonds to be Issued by the County for Road Reconstruction Projects.

Fahey presented a resolution declaring the official intent of Martin County to reimburse certain expenditures from the proceeds of bonds to be issued by the County for various Drainage Ditch Projects: CD #2, CD #52, CD #53, CD #72, JD #2, JD #28, JD #38, and JD #98. Fahey stated the current cost estimate of Redetermination of Benefits for these drainage ditch projects is approximately \$1,244,000; and approximately half of these are due to be mailed out to landowners within the month. As of January 23, 2012, the JD Ditch System was in the red by about \$203,600 and County Ditch System was in the black by \$67,041. Redetermination costs for the JD System is \$694,886 and CD System is \$549,579. Fahey went on to state the financing option is to issue two year temporary bonds to provide the property owners time to repay the assessments. Perhaps at the end of the two year period the amount of permanent debt would be 50 to 60 percent of the total. However, Fahey stated I believe we should ask the Bond Counsel for an opinion regarding this financing. Additionally, Ditch Bonds are General Obligation bonds; however rarely does a County make property tax levy to pay the Ditch Bonds, therefore Ditch Bonds may be an exception. The only way for us to do this is to sell some two year temporary bonds, turn around and levy the assessments, and then once we've done that then they (the landowners) have the next two years to pay for them. After discussion,

Motion by Commissioner Potter, seconded by Commissioner Schmidtke,

MARTIN COUNTY, MINNESOTA

RESOLUTION NO. 13/12

**DECLARING THE OFFICIAL INTENT OF
MARTIN COUNTY TO REIMBURSE
CERTAIN EXPENDITURES FROM THE PROCEEDS
OF BONDS TO BE ISSUED BY THE COUNTY**

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the “Reimbursement Regulations”) providing that proceeds of tax-exempt bonds used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the County expects to incur certain expenditures that may be financed temporarily from sources other than bonds, and reimbursed from the proceeds of a tax-exempt bond;

WHEREAS, the County has determined to make this declaration of official intent (“Declaration”) to reimburse certain costs from proceeds of bonds in accordance with the Reimbursement Regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF MARTIN COUNTY AS FOLLOWS:

1. The County proposes to undertake the following projects (the “Project”).

Drainage Ditch Projects - CD# 2; CD# 52; CD# 53; CD# 72; JD# 2; JD# 28; JD# 38; & JD # 98

2. The County reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of bonds in an estimated maximum principal amount of \$1,300,000. All reimbursed expenditures will be capital expenditures, costs of issuance of the bonds, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of bonds, except for the following expenditures: (a) costs of issuance of bonds; (b) costs in an amount not in excess of \$100,000 or 5 percent of the proceeds of an issue; or (c) “preliminary expenditures” up to an amount not in excess of 20 percent of the aggregate issue price of the issue or issues that finance or are reasonably expected by the County to finance the project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, bond issuance, and similar costs that are incurred prior to commencement of

acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the County based on the facts and circumstances known to the County as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the bonds described in paragraph 2 are consistent with the County's budgetary and financial circumstances. No sources other than proceeds of bonds to be issued by the County are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the County's budget or financial policies to pay such Project expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Approved by the Board of Commissioners of Martin County this 21st day of February, 2012.

MARTIN COUNTY, MINNESOTA

Chair

Attest:

County Auditor/Treasurer

Roll Call AYES: Commissioners Belgard, Pierce, Schmidtke, Potter, and Donnelly. NAYS: None. Resolution duly passed and adopted this 21st day of February, 2012.

Fahey stated as the Board considers issuance of GO Bonds for various County projects, the County is required to have in place a Post Issuance Compliance Procedure and Policy for Tax Exempt Government Bonds pertaining to the issuance of bonds, refunding of bonds, etc. Bond counsel from Kennedy and Graven have developed the compliance policy for the County. In congress, through the Dodd-Frank legislation, has given the IRS the authority to examine how local units of government issue debt and follow up after the issuance of dept. Fahey recommends approval of the policy.

Motion by Commissioner Pierce, seconded by Commissioner Belgard, Be It Resolved that the Martin County Board of Commissioners, upon the recommendation of Bill Fahey, Northland Securities (County Financial Consultant), hereby approve and adopt resolution approving the Post Issuance Compliance Procedure and Policy for Tax Exempt Governmental Bonds.

MARTIN COUNTY, MINNESOTA

RESOLUTION NO. 16/12

RESOLUTION APPROVING POST-ISSUANCE COMPLIANCE

PROCEDURE AND POLICY FOR TAX-EXEMPT GOVERNMENTAL BONDS

BE IT RESOLVED By the Board of Commissioners (the “Board”) of Martin County, Minnesota (“County”) as follows:

Section 1. Recitals.

1.01. The County from time to time issues tax-exempt governmental bonds to finance various public projects.

1.02. Under Sections 103 and 140 to 150 of the Internal Revenue Code of 1986, as amended (the “Code”) and related regulations, the County is required to take certain actions after the issuance of such bonds to ensure that interest on those bonds remains tax-exempt.

1.03. The County has determined to adopt written procedures regarding how the County will carry out its bond compliance responsibilities, and to that end has caused to be prepared a document titled Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds (the “Policy”).

1.04. The Board has reviewed the Policy has determined that it is in the best interest of the County to adopt the Policy.

Section 2. Policy Approved.

2.01. The Board approves the Policy in substantially the form on file in County Courthouse.

2.02. County staff are authorized to take all actions necessary to carry out the Policy.

Approved by the County Board of Commissioners of Martin County, Minnesota, this 21st day of February, 2012.

Chair

Attest:

County Auditor/Treasurer

Martin County, Minnesota

**POST-ISSUANCE COMPLIANCE PROCEDURE AND POLICY
FOR TAX-EXEMPT GOVERNMENTAL BONDS**

Adopted February 21st, 2012

Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds

Martin County, Minnesota (the “Issuer”) issues tax-exempt governmental bonds (TEBs”) to finance capital improvements. As an issuer of TEBs, the Issuer is required by the terms of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”), to take certain actions after the issuance of TEBs to ensure the continuing tax-exempt status of such bonds. In addition, Section 6001 of the Code and Section 1.6001-1(a) of the Treasury Regulations impose record retention requirements on the Issuer with respect to its TEBs. This Post-Issuance Compliance Procedure and Policy for Tax-Exempt Governmental Bonds (the “Policy”) has been approved and adopted by the Issuer to ensure that the Issuer complies with its post-issuance compliance obligations under applicable provisions of the Code and Treasury Regulations.

1. Effective Date and Term. The effective date of this Policy is the date of approval by the Board of Commissioners of the Issuer (February 21st, 2012) and this Policy shall remain in effect until superseded or terminated by action of the Board of Commissioners of the Issuer.

2. Responsible Parties. The County Coordinator of the Issuer (the “Compliance Officer”) shall be the party primarily responsible for ensuring that the Issuer successfully carries out its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations. The Compliance Officer will be assisted by the staff of the Office of the County Auditor-Treasurer of the Issuer and by other Issuer staff and officials when appropriate. The Compliance Officer of the Issuer will also be assisted in carrying out post-issuance compliance requirements by the following organizations:

(a) Bond Counsel (as of the date of approval of this Policy, bond counsel for the Issuer is Kennedy & Graven, Chartered);

(b) Financial Advisor;

(c) Paying Agent (the person, organization, or officer of the Issuer primarily responsible for providing paying agent services for the Issuer); and

(d) Rebate Analyst (the organization primarily responsible for providing rebate analyst services for the Issuer).

The Compliance Officer shall be responsible for assigning post-issuance compliance responsibilities to members of the County Auditor-Treasurer, other staff of the Issuer, Bond Counsel, Paying Agent, and Rebate Analyst. The Compliance Officer shall utilize such other professional service organizations as are necessary to ensure compliance with the post-issuance compliance requirements of the Issuer. The Compliance Officer shall

provide training and educational resources to Issuer staff responsible for ensuring compliance with any portion of the post-issuance compliance requirements of this Policy.

3. Post-Issuance Compliance Actions. The Compliance Officer shall take the following post-issuance compliance actions or shall verify that the following post-issuance compliance actions have been taken on behalf of the Issuer with respect to each issue of TEBs:

(a) The Compliance Officer shall prepare a transcript of principal documents (this action will be the primary responsibility of Bond Counsel).

(b) The Compliance Officer shall file with the Internal Revenue Service (the “IRS”), within the time limit imposed by Section 149(e) of the Code and applicable Treasury Regulations, an Information Return for Tax-Exempt Governmental Obligations, Form 8038-G (this action will be the primary responsibility of Bond Counsel).

(c) The Compliance Officer shall prepare an “allocation memorandum” for each issue of TEBs in accordance with the provisions of Treasury Regulations, Section 1.148-6(d)(1), that accounts for the allocation of the proceeds of the tax-exempt bonds to expenditures not later than the earlier of:

(i) eighteen (18) months after the later of (A) the date the expenditure is paid, or (B) the date the project, if any, that is financed by the tax-exempt bond issue is placed in service; or

(ii) the date sixty (60) days after the earlier of (A) the fifth anniversary of the issue date of the tax-exempt bond issue, or (B) the date sixty (60) days after the retirement of the tax-exempt bond issue.

Preparation of the allocation memorandum will be the primary responsibility of the Compliance Officer (in consultation with the Financial Advisor and Bond Counsel).

(d) The Compliance Officer, in consultation with Bond Counsel, shall identify proceeds of TEBs that must be yield-restricted and shall monitor the investments of any yield-restricted funds to ensure that the yield on such investments does not exceed the yield to which such investments are restricted.

(e) In consultation with Bond Counsel, the Compliance Officer shall determine whether the Issuer is subject to the rebate requirements of Section 148(f) of the Code with respect to each issue of TEBs. In consultation with Bond Counsel, the Compliance Officer shall determine, with respect to each issue of TEBs of the Issuer, whether the Issuer is eligible for any of the temporary periods for unrestricted investments and is eligible for any of the spending exceptions to the rebate requirements. The Compliance Officer shall contact the Rebate

Analyst (and, if appropriate, Bond Counsel) prior to the fifth anniversary of the date of issuance of each issue of TEBs of the Issuer and each fifth anniversary thereafter to arrange for calculations of the rebate requirements with respect to such TEBs. If a rebate payment is required to be paid by the Issuer, the Compliance Officer shall prepare or cause to be prepared the Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, Form 8038-T, and submit such Form 8038-T to the IRS with the required rebate payment. If the Issuer is authorized to recover a rebate payment previously paid, the Compliance Officer shall prepare or cause to be prepared the Request for Recovery of Overpayments Under Arbitrage Rebate Provisions, Form 8038-R, with respect to such rebate recovery, and submit such Form 8038-R to the IRS.

4. Procedures for Monitoring, Verification, and Inspections. The Compliance Officer shall institute such procedures as the Compliance Officer shall deem necessary and appropriate to monitor the use of the proceeds of TEBs issued by the Issuer, to verify that certain post-issuance compliance actions have been taken by the Issuer, and to provide for the inspection of the facilities financed with the proceeds of such bonds. At a minimum, the Compliance Officer shall establish the following procedures:

(a) The Compliance Officer shall monitor the use of the proceeds of TEBs to: (i) ensure compliance with the expenditure and investment requirements under the temporary period provisions set forth in Treasury Regulations, Section 1.148-2(e); (ii) ensure compliance with the safe harbor restrictions on the acquisition of investments set forth in Treasury Regulations, Section 1.148-5(d); (iii) ensure that the investments of any yield-restricted funds do not exceed the yield to which such investments are restricted; and (iv) determine whether there has been compliance with the spend-down requirements under the spending exceptions to the rebate requirements set forth in Treasury Regulations, Section 1.148-7.

(b) The Compliance Officer shall monitor the use of all bond-financed facilities in order to: (i) determine whether private business uses of bond-financed facilities have exceeded the *de minimis* limits set forth in Section 141(b) of the Code as a result of leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons; and (ii) determine whether private security or payments that exceed the *de minimis* limits set forth in Section 141(b) of the Code have been provided by nongovernmental persons with respect to such bond-financed facilities. The Compliance Officer shall provide training and educational resources to any Issuer staff who have the primary responsibility for the operation, maintenance, or inspection of bond-financed facilities with regard to the limitations on the private business use of bond-financed facilities and as to the limitations on the private security or payments with respect to bond-financed facilities.

(c) The Compliance Officer shall undertake the following with respect to each outstanding issue of TEBs of the Issuer: (i) an annual review of the books and records maintained by the Issuer with respect to such bonds; and (ii) an annual physical inspection of the facilities financed with the proceeds of such bonds, conducted by the Compliance Officer with the assistance with any Issuer staff who have the primary responsibility for the operation, maintenance, or inspection of such bond-financed facilities.

5. Record Retention Requirements. The Compliance Officer shall collect and retain the following records with respect to each issue of TEBs of the Issuer and with respect to the facilities financed with the proceeds of such bonds: (i) audited financial statements of the Issuer; (ii) appraisals, demand surveys, or feasibility studies with respect to the facilities to be financed with the proceeds of such bonds; (iii) publications, brochures, and newspaper articles related to the bond financing; (iv) trustee or paying agent statements; (v) records of all investments and the gains (or losses) from such investments; (vi) paying agent or trustee statements regarding investments and investment earnings; (vii) reimbursement resolutions and expenditures reimbursed with the proceeds of such bonds; (viii) allocations of proceeds to expenditures (including costs of issuance) and the dates and amounts of such expenditures (including requisitions, draw schedules, draw requests, invoices, bills, and cancelled checks with respect to such expenditures); (ix) contracts entered into for the construction, renovation, or purchase of bond-financed facilities; (x) an asset list or schedule of all bond-financed depreciable property and any depreciation schedules with respect to such assets or property; (xi) records of the purchases and sales of bond-financed assets; (xii) private business uses of bond-financed facilities that arise subsequent to the date of issue through leases and subleases, licenses, management contracts, research contracts, naming rights agreements, or other arrangements that provide special legal entitlements to nongovernmental persons and copies of any such agreements or instruments; (xiii) arbitrage rebate reports and records of rebate and yield reduction payments; (xiv) resolutions or other actions taken by the governing body subsequent to the date of issue with respect to such bonds; (xv) formal elections authorized by the Code or Treasury Regulations that are taken with respect to such bonds; (xvi) relevant correspondence relating to such bonds; (xvii) documents related to guaranteed investment contracts or certificates of deposit, credit enhancement transactions, and financial derivatives entered into subsequent to the date of issue; (xviii) copies of all Form 8038Ts and Form 8038-Rs filed with the IRS; and (xix) the transcript prepared with respect to such TEBs.

The records collected by the issuer shall be stored in any format deemed appropriate by the Compliance Officer and shall be retained for a period equal to the life of the TEBs with respect to which the records are collected (which shall include the life of any bonds issued to refund any portion of such TEBs or to refund any refunding bonds) plus three (3) years.

6. Remedies. In consultation with Bond Counsel, the Compliance Officer shall become acquainted with the remedial actions under Treasury Regulations, Section 1.141-12, to be utilized in the event that private business use of bond-financed facilities

exceeds the *de minimis* limits under Section 141(b)(1) of the Code. In consultation with Bond Counsel, the Compliance Officer shall become acquainted with the Tax Exempt Bonds Voluntary Closing Agreement Program described in Notice 2008-31, 2008-11 I.R.B. 592, to be utilized as a means for an issuer to correct any post-issuance infractions of the Code and Treasury Regulations with respect to outstanding tax-exempt bonds.

7. Continuing Disclosure Obligations. In addition to its post-issuance compliance requirements under applicable provisions of the Code and Treasury Regulations, the Issuer has agreed to provide continuing disclosure, such as annual financial information and material event notices, pursuant to a continuing disclosure certificate or similar document (the “Continuing Disclosure Document”) prepared by Bond Counsel and made a part of the transcript with respect to each issue of bonds of the Issuer that is subject to such continuing disclosure requirements. The Continuing Disclosure Documents are executed by the Issuer to assist the underwriters of the Issuer’s bonds in meeting their obligations under Securities and Exchange Commission Regulation, 17 C.F.R. Section 240.15c2-12, as in effect and interpreted from time to time (“Rule 15c2-12”). The continuing disclosure obligations of the Issuer are governed by the Continuing Disclosure Documents and by the terms of Rule 15c2-12. The Compliance Officer is primarily responsible for undertaking such continuing disclosure obligations and to monitor compliance with such obligations.

8. Other Post-Issuance Actions. If, in consultation with Bond Counsel, Financial Advisor, Paying Agent, Rebate Analyst, or the Board of Commissioners, the Compliance Officer determines that any additional action not identified in this Policy must be taken by the Compliance Officer to ensure the continuing tax-exempt status of any issue of governmental bonds of the Issuer, the Compliance Officer shall take such action if the Compliance Officer has the authority to do so. If, after consultation with Bond Counsel, Financial Advisor, Paying Agent, Rebate Analyst, or the Board of Commissioners, the Compliance Officer and the Administrator determine that this Policy must be amended or supplemented to ensure the continuing tax-exempt status of any issue of governmental bonds of the Issuer, the Administrator shall recommend to the Board of Commissioners that this Policy be so amended or supplemented.

9. Taxable Governmental Bonds. Most of the provisions of this Policy, other than the provisions of Section 7, are not applicable to governmental bonds the interest on which is includable in gross income for federal income tax purposes. On the other hand, if an issue of taxable governmental bonds is later refunded with the proceeds of an issue of tax-exempt governmental refunding bonds, then the uses of the proceeds of the taxable governmental bonds and the uses of the facilities financed with the proceeds of the taxable governmental bonds will be relevant to the tax-exempt status of the governmental refunding bonds. Therefore, if there is any reasonable possibility that an issue of taxable governmental bonds may be refunded, in whole or in part, with the proceeds of an issue of TEBs, then for purposes of this Policy, the Compliance Officer shall treat the issue of taxable governmental bonds as if such issue were an issue of TEBs and shall carry out and comply with the requirements of this Policy with respect to such taxable governmental bonds. The Compliance Officer shall seek the advice of Bond Counsel as

to whether there is any reasonable possibility of issuing TEBs to refund an issue of taxable governmental bonds.

Roll Call AYES: Commissioners Potter, Schmidtke, Belgard, Pierce, and Donnelly.
NAYS: None. Resolution duly passed and adopted this 21st day of February, 2012.

Fahey next reviewed and presented information relating to Financing Radio Communication Systems in Minnesota; Understanding and Implementing the MSRB Rule G-23, the Dodd-Frank Wall Street Reform and Consumer Protection Act; Bond Buyer Index and Bond Buyer's Index Trends.

Donnelly thanked Bill for his review and presentation of proposed bonding projects.

Higgins stated with the recent election of Commissioner Elliot Belgard, it would be appropriate for the Board to discuss the reassignment of the Board Standing Committees.

Commissioner Pierce suggested that we move them (the Committee Assignments) all back to the way they were and then come back to it.

Commissioner Schmidtke agreed if we just look at the 2011 assignments then kind of move them around that will be good.

Motion by Commissioner Pierce, seconded by Commissioner Schmidtke, Be it Resolved that the Martin County Board of Commissioners, hereby approve changing Board Standing Committee assignments back to what they were in 2011; and to review assignments at the next regular Board of Commissioners meeting on March 6, 2012. Carried unanimously.

Higgins stated that the Continuation Hearings on JD #109 and JD #39 will be held on March 6, 2012 at 10:00 a.m. in the Commissioners Board Room (during the regular board of Commissioners meeting).

Motion by Commissioner Schmidtke, seconded by Commissioner Belgard, Be it Resolved that the Martin County Board of Commissioners, hereby approve bills to be paid February 21, 2012 as presented; and includes the Martin County Highway Department bills as presented. Carried unanimously.

Warrants Received and paid February 21, 2012 are registered on file in the Auditor/Treasurer's Office as follows:

Revenue Fund – Warrants Approved February 21, 2012	\$170,402.74
Enhanced 9-1-1 Fund	\$ 11,591.79
Martin Co. Economic Development Authority	\$ 4,466.89
Solid Waste Management Fund	\$ 25,818.67
Law Library Fund	\$ 10,875.14
Martin County Transit Fund	\$ 46,191.99

County Attorney's Forfeiture	\$ 623.21
Ind. Sewage Treatment Sys. Loan FD (ISTS)	\$ 9,725.00
Building – CIP – Fund	\$ 7,192.45
Bank Building Fund	\$ 2,375.66
Debt Service Fund	\$225,661.25
Forfeited Tax Fund	\$ 175.00
Total	\$515,099.79
Road and Bridge Funds	\$ 93,630.09
Road and Bridge Funds – 2011 Payables Totaled	\$ 2,462.00
Martin County Ditch Fund – Warrants Totaled	\$150,972.65

The Board reviewed the February 1, 2012 meeting minutes of the South Central Service Cooperative Directors; National 4-H Conference Delegate information; and Leadership Martin County agenda for Agriculture and Business Economic Development Day to be held on March 7, 2012.

Commissioners presented their Board member reports:

Commissioner Potter stated he attended the Labor Management Committee meeting on Tuesday, February 7th; Region 9 in Mankato on Wednesday, February 8th; Soil and Water meeting on Thursday, February 9th; and Blizzard Snowmobile Clubs Governors Ride luncheon in Truman on Friday, February 10th; Rural Minnesota Energy Board in Slayton, and EDA meeting on Monday, February 13th; Extension meeting and Library Board meeting on Tuesday, February 14th; Ditch Hearing on Wednesday, February 15th; Martin County Wellness/Fitness Blood Pressure Check and Weigh-In on Thursday, February 16th; and Canvass Board on Friday, February 17th.

Commissioner Schmidtke stated he attended the Labor Management Committee meeting on Tuesday, February 7th; Park Board on Wednesday, February 8th; Rural Water meeting at Jackson, MN and EDA meeting on Monday, February 13th; Iowa Lakes Regional Water and Extension Committee meeting on Tuesday, February 14th; and met for a ditch issue on Wednesday, February 15th; and Highway Department Committee meeting on Thursday, February 16th.

Commissioner Pierce stated he attended a few ARMER radio meetings.

Commissioner Donnelly stated he attended Human Services Exec. Board meeting and Bureau 14 at the Chamber on Wednesday, February 8th; Snowmobile luncheon on Friday, February 10th; Prairieland and Canvass Board on Friday, February 17th.

Commissioners reviewed their calendars of upcoming meetings and activities: February 21st – Personnel Committee this afternoon; February 22nd – Human Services Board in Blue Earth at 9:00 a.m.; February 23rd – Drainage Conference in St. Cloud, EMS and Radio Board; February 24th – Meeting set up with Job Service and MVAC to discuss putting together the Kids Jobs Program for the summer; February 27th – Minnesota

Valley Action Council and Mentoring Open House at Immanuel Lutheran Church;
February 28th – State Auditor visit, RMEB going to Sibley County and talk about
Production Tax and Wind Towers; February 29th – meeting with Mayor Quiring at 6:00
p.m. to talk about Sharing of Services; March 1st – JD #7 Meeting in Faribault County at
2:00 p.m.; County Day at the Capitol, Corn and Soybean Meeting at the KC Hall from
9:00 a.m. to 4:30 p.m. and Deb Mosloski is giving her presentation on Ditch
Redeterminations; it was noted there is no EDA meeting for the month of March, 2012;
March 6th – regular Board of Commissioners meeting at 9:00 a.m.

With no further business to wit, Board Chair adjourned the meeting at 11:26 a.m.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MN

Steve Donnelly, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator