

PROCEEDINGS OF THE
MARTIN COUNTY BOARD OF COMMISSIONERS
JULY 19, 2016
@ 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 Elliot Belgard. Commissioners present were Kathy Smith, Elliot Belgard, Tom Mahoney, Steve Flohrs, and Dan Schmidtke. Also present were Scott Higgins, Martin County Coordinator, James Forshee, Martin County Auditor/Treasurer, Terry Viesselman, Martin County Attorney, Jason Sorensen, Sentinel Newspaper, Julie Walters, Administrative Assistant, and members of staff and public.

The Pledge of Allegiance was recited.

Motion by Commissioner Schmidtke, seconded by Commissioner Flohrs, Be It Resolved that the Martin County Board of Commissioners, hereby approve the agenda for the July 19, 2016, regular Board of Commissioners meeting with the following: Add 9.5 Consider Amended and Restated Minnesota Counties Computer Cooperative Joint Powers Agreement. Carried unanimously.

Motion by Commissioner Smith, seconded by Commissioner Mahoney, Be It Resolved that the Martin County Board of Commissioners, hereby approve the minutes of the July 6, 2016, regular Board of Commissioners meeting; and approve the minutes of the June 16, 2016, Board of Equalization meeting. Carried unanimously.

Kevin Peyman, County Engineer, was present to provide a Highway Department update noting that overlays were scheduled to begin this morning but are now on hold due to this morning's rain; a handful of locations are being monitored that are under water or were under water due to the recent heavy rains; and 29 applications were received for the two open Maintenance Worker positions and that interviews will be set up in the near future.

Board Chair noted a District 5 position still needs to be filled on the Extension Advisory Committee.

No action taken on Citizen Appointment to the Martin County Extension Advisory Committee.

Erin Morrill, Martin County Emergency Management Director, presented the annual Emergency Management Performance Grant for Federal Fiscal Year 2016, noting this year we were awarded \$23,132 which is up \$844 from last year. Morrill noted grant funds go toward expenses for county emergency management and recommends approval.

Motion by Commissioner Flohrs, seconded by Commissioner Smith,

R-#35/'16

RESOLUTION AUTHORIZING EXECUTION OF
EMERGENCY MANAGEMENT PERFORMANCE
GRANT PROGRAM AGREEMENT

BE IT RESOLVED, that Martin County, Minnesota, enters into a Grant Agreement with the State of Minnesota, acting through its Commissioner of Public Safety, Division of Homeland Security and Emergency Management, for the program entitled Emergency Management Performance Grant (EMPG) in the amount of \$23,132.00 effective January 1, 2016, through December 31, 2016, for the Federal Fiscal Year 2016.

BE IT FURTHER RESOLVED, that the Martin County Emergency Management Director, along with the Board Chair, is hereby authorized to execute and sign such Grant Agreements and amendments as are necessary to implement the program on behalf of Martin County, MN.

Motion by Commissioner Flohrs, seconded by Commissioner Smith, and was duly made and adopted this 19th day of July, 2016.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MN

Elliot Belgard, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator

Roll Call AYES: Commissioners Mahoney, Schmidtke, Smith, Flohrs, and Belgard. NAYS: None. Resolution duly passed and adopted this 19th day of July, 2016.

Terry Viesselman, Martin County Attorney, was present to review the county attorney's office preliminary CY2017 budget request.

Joe Wendinger, ISG Group, was present to review options for water infiltration repairs to the 121 N. Main building remodel project, noting when demolition started on the facility some exterior wall water infiltration was encountered. What we're finding is there's some cracks in the brick and our thinking is that the water is coming in through the brick, it's getting in the cavity between the block wall and the brick and it's finding its way out through the interior of the building instead of the exterior. Wendinger presented and reviewed the following repair options:

Option #1

- Demo all Wall Plaster on the Interior Side of Exterior Walls
 - By STS
- Tuck-pointing Existing Brick (estimating 400 SF)
 - \$10,000 - \$12,000
- Thru-Wall Flashing
 - Approximately 130 LF at \$85 - \$100 per LF = \$11,000 - \$13,000
- Water Proofing Landscape Planter
 - \$3,500 - \$4,500
- Interior Furring wall, Insulation, Gypsum Board
 - Wall Framing = 985 SF x \$5.00 = \$4,925
 - Exterior Insulation
 - Fiberglass Insulation – 985 SF x \$1.00 = \$985
 - Gypsum Board (hang, tape, and texture): 985 SF x \$1.50 = \$1,480
- Total = \$36,890

Option #2

- Demo all Wall Plaster on the Interior Side of Exterior Walls
 - By STS
- Tuck-pointing Existing Brick (estimating 400 SF)
 - \$10,000 - \$12,000
- Exterior Brick Sealer
 - \$1,500 - \$2,000
- Water Proofing Landscape Planter
 - \$3,500 - \$4,500
- Interior Furring wall, Insulation, Gypsum Board
 - Wall Framing = 985 SF x \$5.00 = \$4,925
 - Exterior Insulation
 - Fiberglass Insulation = 985 SF x \$1.00 = \$985
 - Gypsum Board (hang, tape, and texture): 985 SF x \$1.50 = \$1,480
- Total = \$25,890

Option #3

- Demo all Wall Plaster on the Interior Side of Exterior Walls
 - By STS
- Interior Water Mitigation System
 - Refer to attached proposal
 - Complete Basement Systems = \$17,720
- Interior Furring wall, Insulation, Gypsum Board

- Wall Framing = 985 SF x \$5.00 = \$4,925
- Exterior Insulation
 - Foamed in-place Insulation = 985 x \$4.50 = \$4,435
- Gypsum Board (hang, tape, and texture): 985 SF x \$1.50 = \$1,480
- Total = \$28,560

Fix Ceiling

- Demo
 - By STS Crew
- New Insulation
 - 1,250 SF x \$1.25 = \$1,565
- New Gypsum Board and Fire Taping
 - 1,250 SF x \$1.75 = \$2,190
- Total = \$3,755

Wendinger recommended the Board consider Option #2.

Commissioner Flohrs noted STS to tear down the whole ceiling.

Discussion ensued pertaining to the repair options.

Commissioner Mahoney noted I like Option #4 – Do Nothing. I think we have way too much money proposed in this building. I don't know if we need to take a longer look at it or what but I'm not comfortable spending that kind of money.

Commissioner Flohrs inquired how much did we have in here before...\$125,000 or \$121,000 and now we're going to spend another \$25,000 at least, probably \$30,000 by the time we get done with this.

Chair Belgard noted and the ceiling would be another \$4,000 whatever option you do.

Commissioner Mahoney noted I don't think the \$121,000 included the ISG estimate or the asbestos removal. Not that something couldn't happen in the future but I don't want to be backed into a bad decision right now. Maybe for the time being we have to rent out some space for the VSO Office, but this is just an awful lot of money for two people.

Commissioner Schmidtke noted I agree. I thought when we got the building we should probably fix it and use it, but as we got into the demolition and found all of these things wrong that's way too much money to spend. I think maybe we'll end up leasing a spot to get VSO out so we get Human Services their space...for now.

Chair Belgard noted I think it would be prudent to wait and see what becomes of the Office Space Study.

Commissioner Mahoney noted the building does have utility as a storage building and that perhaps the County's Maintenance Department could use the building for storage.

Chair Belgard noted we removed the asbestos already...that had to be done...but nothing else really has to unless we decide we want to use it. We're still working to get the VSO something and unfortunately this did not work out like we thought.

Doug Landsteiner, County Veterans Service Officer, was present and noted he made a trip over to the building at 121 N. Main twice after rains...the first time was 2" of rain and this second time this last one was 6" recorded in Fairmont and not a drop of water anywhere. There's no more or no less appearance of moisture along the base of the walls than there was prior to the rain. I think the moisture issue was made too big a deal of, personally, and I know that Joe (Wendinger) is talking about the contractor doing the furring but the STS crew could probably do the furring that's needed and I certainly agree with the ceiling and maybe the brick on the outside maybe some tuck-pointing but other than that the rest of the stuff is already in the budget for the most part. Removing that planter on the south side...that's the biggest problem there on that wall...the planter just holds moisture. If the planter was removed that one drain is already in the estimate where the new door is going. I think too big of a deal was made of the moisture myself.

Chair Belgard inquired where do you think that moisture came in that was there. We all saw it.

Landsteiner noted I think it seeped a little through the wall like Joe (Wendinger) suggested. The other issue for three years that building has been uninhabited...minimum temperature control to keep the pipes from freezing...when you have positive airflow 70 degree atmosphere inside a building you know that positive pressure in the inside is probably going to prevent quite a bit of moisture in my opinion. I'm not an engineer but it seems logical to me.

Wendinger noted it does make sense, but I do think you need to address it and take care of the exterior. There is some noticeable cracks and mortar falling out so that would have to be addressed and use foam insulation as onto the walls as well.

Landsteiner noted that foam insulation would prevent a lot of moisture as well...it seals up inside instead of the fiberglass batting and that was only a couple of grand higher than what the fiberglass matting was on the estimates. It was cut back or looked at (the fiberglass) because it was cheaper.

Commissioner Mahoney inquired Doug when you say it's in the budget...is that your budget that it's in or the capital improvement budget or what.

Landsteiner noted the original estimates that you guys were looking at...a lot of that furring was there on the north wall and a lot of it was contractor work but I do think STS is fully capable of doing furring, aren't they John (McDonald)?

John McDonald, STS Crew Leader, noted yes but it is an issue with time right now. This time of year because we've got fair coming up.

Landsteiner noted the sidewalk also needs to be addressed a little bit and the tarring up against the building between the sidewalk and the building would eliminate the gaps against the building and sidewalk. But frankly for as much rain as we got, the 6", there was no more moisture in that building regardless of the cracks than what there was prior.

Belgard noted oh I don't doubt that...maybe it comes in when the snow melts and works its way inside. But, we'd look pretty stupid putting \$130,000 into that building and then finding out that everything is all wet and moldy in a couple of years. You wouldn't be happy with that either so I think rather than rushing it through and doing it wrong it would be in our best interest to watch it for a while and unfortunately they still want you out of your office and we're going to have to find something.

Commissioner Mahoney noted I think in the meantime we should have the Building Committee try and find a temporary spot for the VSO Office for the short term.

Higgins noted as far as the contract you're probably going to have to take action on it as far as deadlines and timeline on the contract proposal. It would be advisable to reject the contract if you chose not to proceed.

After further discussion,

Motion by Commissioner Schmidtke, seconded by Commissioner Flohrs, Be It Resolved that the Martin County Board of Commissioner, hereby reject Owner and General Contract Agreement with APX Construction Group of Mankato, Minnesota, for the 121 N. Main building remodel project. Carried unanimously.

Linsey Preuss, Director FEDA, was present to review and recommend Board consideration for a resolution calling for a public hearing for proposed property tax abatements for the Zierke Built Manufacturing Project who is looking to move to a location at 1500 Winnebago Avenue, formerly US Foods property, in Fairmont, MN. Preuss noted Zierke Built is interested in purchasing and currently has a purchase agreement signed on the US Foods building. They're asking for a 10 year 100% tax abatement and they're asking from the County and the City but they are not asking from the school district. So for the estimates that I've gotten from Dan Whitman show that the estimated maximum per year from the county would be \$11,006 – that's

estimated...so it would be \$110,000 over the ten years. Preuss went on to note I'm proposing that we put in the Agreement that it is \$176,000 just in case the estimates are a little low because we did negotiate at 100% tax abatement. So just because we put the \$176,000 in the Agreement that's the maximum so they can only get...it's a reimbursement program basically...so they'll pay the taxes and then they'll get reimbursed what they pay. So just because we have a high number in there does not mean that they will get the full amount of that.

Chairman Belgard inquired do we have to put a number in there.

Preuss noted yes by state statute we have to put in a maximum number.

Higgins noted so the proposed number for taxes is \$16,000 annually.

Preuss noted is the \$16,000 yes...but that is what I'm proposing to put in the Agreement. The estimate of what it is going to be is the \$11,006.

Chairman Belgard inquired of Dan Whitman if that sounded accurate.

Whitman noted yes. The only one word I would disagree with Linsey on is the maximum estimate is whatever we said \$110,000 that's the estimate and that's based on my speculation...I'm speculating what the value of that building is on sale and then I'm also speculating what they're going to put into it to make it usable for Zierke Built Manufacturing so those estimates came up to \$1.6 million dollars. The number that Preuss just threw out as the potential maximum would take it right now if that building was this year taxed it would take about \$2.31 million or \$2.35 million to create that much tax. So over the next 10 years I don't know what they'll do to that building and I don't know what the levies are going to be on it so I don't know what the tax rate is going to do over the next 10 years so we're very speculative. But, that number that she put out to me seems well within the realm of reality. That building could go up to \$2.35 million if they did some improvements there or something or if the tax rates increased significantly over 10 years that's all within the realm of reality so it doesn't seem like a number that's out of the realm. My suggestion to her was that we focus on 100% although the law requires us to put a number in there so as long as it is within the realm of reality to me it seems appropriate.

Chairman Belgard inquired so if you put a maximum number in there are you bound by that.

Preuss noted no we could put \$1 million dollars in there.

Chairman Belgard noted but if after that hearing we put of \$176,000 on it and in 7 years it's used that up because its value has gone way, way up...does that end in 7 years then.

Preuss noted yes, that is the maximum dollar amount.

Whitman noted but I don't think that ends in 7 years...I think that that maxes out and then they would be required to pay what's above the \$176,000. It's a yearly thing.

Chairman Belgard noted once they hit the maximum amount.

Preuss noted then they don't get reimbursed any more.

Chairman Belgard noted but then the logic of that would be that they don't need it any more probably, right? Because they're expanding...they're getting better. I mean the purpose is to get them started, bring some jobs to town, remodel it, make it workable for them, make it so they can add 30 more new jobs potentially...we were maybe going to tie that in to this.

Preuss noted the processes between now and the public hearing is we'll be writing an Abatement Agreement which will be similar to a development agreement where we will hold them to some certain standard in order to receive this.

Commissioner Mahoney inquired and our exposure is just \$176,000.

Preuss noted yes, that's the total maximum.

Mahoney inquired what will be the status of the freezer section of that. Will they just dismantle the freezer?

Preuss noted currently they're looking at options because right now they don't need the full building so they will be growing into it so they're looking at options of what they're going to do with it.

Chairman Belgard inquired potentially rent it out.

Preuss noted it is possible.

Chairman Belgard inquired the City of Fairmont has already approved this.

Preuss noted yes they have scheduled the public hearing.

Chairman Belgard noted the Martin County EDA talked in length about this with some reservations on some parts of it and found out that they're doing everything right and they're probably not going to be able to do it without this and the EDA did make a recommendation. Commissioner Schmidtke and I sit on that board but we did not either one of us make the motion or second to do it; but it passed unanimously to recommend to this Board to set up the public hearing to grant this tax abatement.

After further discussion,

Motion by Commissioner Mahoney, seconded by Commissioner Smith,

EXTRACT OF MINUTES OF A MEETING OF THE
BOARD OF THE COUNTY OF
MARTIN, MINNESOTA
HELD: July 19, 2016

Pursuant to due call and notice thereof, a regular or special meeting of the Board of the County of Martin, Minnesota, was duly held at the Martin County Courthouse, Fairmont, Minnesota, on Tuesday, the 19th day of July, 2016, at 9:00 o'clock A.M., for the purpose in part of calling for a public hearing on property tax abatements.

The following members were present: Commissioners Schmidtke, Smith, Belgard, Mahoney, Flohrs.

and the following were absent: None.

Commissioner Mahoney introduced the following resolution and moved its adoption:

R-#36/'16

RESOLUTION CALLING FOR A PUBLIC HEARING ON PROPOSED PROPERTY
TAX ABATEMENTS FOR THE ZIERKE BUILT MANUFACTURING PROJECT

WHEREAS, Minnesota Statutes, Sections 469.1812 through 469.1816, both inclusive, authorize the County of Martin, Minnesota (the "County"), upon satisfaction of certain conditions, to grant an abatement of all or a part of the taxes levied by the County on improvements made to certain property; and

WHEREAS, the County has received a request from Zierke Built Manufacturing, Inc., a Minnesota corporation (the "Company"), that the County grant an abatement of all property taxes on Parcel ID Nos. 23-03800-30 and 23-31200-10 in the City of Fairmont (the "Property"), on which the Company proposes to renovate an existing building to accommodate the manufacturing of industrial custom fabricated products, for the years 2019 through 2028; and

WHEREAS, it is a legal requirement that the County hold a public hearing prior to adoption of a resolution granting any property tax abatements:

NOW THEREFORE, BE IT RESOLVED by the Board of the County of Martin, Minnesota, as follows:

(1) Hearing. A public hearing on the consideration of granting a property tax abatement to the Company as requested will be held at the time and place set forth in the Notice of Hearing attached hereto as Exhibit A and hereby made a part hereof.

(2) Notice. The County Auditor is hereby authorized and directed to cause notice of said hearing in substantially the form attached hereto as Exhibit A to be given one publication in a newspaper of general circulation in the County at least 10 days but not more than 30 days before the hearing.

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Smith and, upon a vote being taken thereon after full discussion thereof, the following voted in favor thereof: Commissioners Flohrs, Schmidtke, Smith, Mahoney, Belgard.

and the following voted against the same: None.

Whereupon said resolution was declared duly passed and adopted this 19th day of July, 2016.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MN

Elliot Belgard, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator

Roll Call AYES: Commissioners Flohrs, Schmidtke, Smith, Mahoney, and Belgard. NAYS: None. Resolution duly passed and adopted this 19th day of July, 2016.

Chairman Belgard noted in a review of the current Board members of the South Central Minnesota Multi-County HRA, it has come to our attention that the term of John Hovick will expire on September 30, 2016.

No action taken on reappointment to South Central Minnesota Multi-County HRA Board.

Bill Fahey, Northland Securities and Financial Consultant of the County, was present to review Martin County's \$7,270,000 General Obligation Drainage Ditch Bonds, Series 2016A Bond Sale Summary, noting the purpose of which is to provide funds to finance ditch repairs and improvements throughout the County. The Bonds will be issued pursuant to Minnesota Statutes, Chapters 475 and Section 103E.635. The County will levy special assessments on benefited properties to pay debt service on the Bonds. Assessments will be levied in 2017 for initial collection in 2018 for County Ditch 29 and Judicial Ditches 367 and 51 and spread over 20 years. Assessments will be levied in 2016 for initial collection in 2017 for County Ditch 30 and Judicial Ditch 98 and spread over 20 and 10 years, respectively. Assessments were levied in 2015 for initial collection in 2016 for County Ditch 73 and spread over 15 years.

Fahey went on to note five bids were received and lowest bid was Piper Jaffray, Minneapolis, Minnesota.

TABULATION OF BIDS
MARTIN COUNTY, MINNESOTA
\$7,270,000*
GENERAL OBLIGATION DRAINAGE DITCH BONDS, SERIES 2016A

AWARD:

PIPER JAFFRAY

DATE OF SALE:

MONDAY, JULY 18, 2016

STANDARD AND POOR'S GLOBAL RATINGS UNDERLYIN RATING

"AA-"

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
PIPER JAFFRAY Minneapolis, Minnesota	\$7,524,058.95	\$1,973,191.05	2.1756306%
FTN FINANCIAL CAPITAL MARKETS Memphis, Tennessee	\$7,789,771.00	\$2,113,191.50	2.2741574%
BOSC, INC. Dallas, TX	\$7,618,403.45	\$2,157,979.88	2.3540467%
WELLS FARGO BANK, NAT'L. ASSOC. Charlotte, NC	\$7,513,898.60	\$2,138,601.40	2.3549402%
ROBERT W. BAIRD & CO., INC. Milwaukee, WI	\$7,569,648.75	\$2,165,626.25	2.3706831%

*Subsequent to bid opening, the par amount was reduced from \$7,425,000 to \$7,270,000. The adjusted bid price is \$7,366,611.83 plus accrued interest and the adjusted TIC is 2.1761562%.

Fahey presented the resolution Awarding the Sale of General Obligation Drainage Ditch Bonds, Series 2016A, in the Original Aggregate Principal Amount of \$7,270,000; Fixing their Form and Specifications; Directing their Execution and Delivery; and Providing for their Payment.

After review,

Motion by Commissioner Schmidtke, seconded by Commissioner Flohrs,

Extract of Minutes of Meeting
of the Board of Commissioners of
Martin County, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the Board of Commissioners of Martin County, Minnesota, was duly held in the Courthouse in the City of Fairmont, Minnesota, on Tuesday, July 19, 2016, commencing at 9:00 A.M.

The following commissioners were present:

and the following were absent:

* * * * *

The Chair announced that the next order of business was consideration of the proposals which had been received for the purchase of the County's approximately \$7,270,000 General Obligation Drainage Ditch Bonds, Series 2016A.

The County Auditor/Treasurer presented a tabulation of the proposals that had been received in the manner specified in the Notice of Sale for the Bonds. The proposals are as set forth in EXHIBIT A attached.

After due consideration of the proposal, Commissioner Schmidtke then introduced the following resolution and moved its adoption:

RESOLUTION NO. R-#34/16

A RESOLUTION AWARDED THE SALE OF GENERAL OBLIGATION DRAINAGE DITCH BONDS, SERIES 2016A, IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$7,270,000; FIXING THEIR FORM AND SPECIFICATIONS; DIRECTING THEIR EXECUTION AND DELIVERY; AND PROVIDING FOR THEIR PAYMENT

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

Section 1. Sale of Bonds.

1.01. Authorization. Pursuant to a resolution adopted by the Board of Commissioners of the County on June 21, 2016 (the “Authorizing Resolution”), the Board of Commissioners gave preliminary approval to the issuance of the County’s General Obligation Drainage Ditch Bonds, Series 2016A (the “Bonds”). The Bonds were authorized to be issued pursuant to Minnesota Statutes, Chapters 103E and 475, as amended, (collectively, the “Act”), in order to finance County’s costs in connection with the construction or repair of the drainage system, specifically Judicial Ditches 51, 98, 367 and County Ditches 29, 30 and 73 (the “Improvements”)

1.02. Award to the Purchaser and Interest Rates. The proposal of Piper Jaffray & Co. (the “Purchaser”), to purchase the Bonds is hereby found and determined to be a reasonable offer and is hereby accepted, the proposal being to purchase the Bonds at a price of \$7,366,611.83 (par amount of \$7,270,000, plus original issue premium of \$157,034.25, less underwriter’s discount of \$60,422.42), plus accrued interest in the amount of \$445.08, for Bonds bearing interest as follows:

Year	Interest Rate	Year	Interest Rate
2017	2.00%	2028	2.00%
2018	2.00	2029	2.00
2019	2.00	2030	2.00
2020	2.00	2031	2.25
2021	2.00	2032	2.375
2022	2.00	2033	2.50
2023	2.00	2034	2.625
2024	2.00	2035	2.625
2025	2.00	2036	2.75
2026	2.00	2037	2.75
2027	2.00		

Net interest cost 2.2099563%

1.03. Purchase Contract. Any original issue premium and any rounding amount shall be credited to the Debt Service Fund hereinafter created or deposited in the accounts in the Construction Fund hereinafter created, as determined by the County Auditor/Treasurer in consultation with the County’s municipal advisor. The County Auditor/Treasurer is directed to retain the good faith check of the Purchaser, pending completion of the sale of the Bonds. The

Chair and County Auditor/Treasurer are directed to execute a contract with the Purchaser on behalf of the County.

1.04. Terms and Principal Amounts of the Bonds. The County will forthwith issue and sell the Bonds pursuant to the Act in the total principal amount of \$7,270,000, originally dated August 15, 2016, in the denomination of \$5,000 each or any integral multiple thereof, numbered No. R-1, upward, bearing interest as above set forth, and maturing on December 15 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2017	\$75,000	2028	\$360,000
2018	315,000	2029	370,000
2019	320,000	2030	380,000
2020	325,000	2031	365,000
2021	330,000	2032	380,000
2022	340,000	2033	380,000
2023	345,000	2034	390,000
2024	350,000	2035	405,000
2025	365,000	2036	410,000
2026	370,000	2037	340,000
2027	355,000		

1.05. Optional Redemption. The County may elect on December 15, 2024, and on any day thereafter to prepay Bonds due on or after December 15, 2025. Redemption may be in whole or in part and if in part, at the option of the County and in such manner as the County will determine. If less than all Bonds of a maturity are called for redemption, the County will notify DTC (as defined in Section 7 hereof) 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. Prepayments will be at a price of par plus accrued interest.

Section 2. Registration and Payment.

2.01. Registered Form. The Bonds will be issued only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. Each Bond will be dated as of the last interest payment date preceding the date of authentication to which interest on the Bond has been paid or made available for payment, unless (i) the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Bond will be dated as of the date of authentication, or (ii) the date of authentication is prior to the first interest payment date, in which case the Bond will be dated as of the date of original issue. The interest on the Bonds is payable on June 15 and December 15 of each year, commencing June 15, 2017, to the registered owners of record as of the close of business on the last day of the immediately preceding month, whether or not such day is a business day.

2.03. Registration. The County will appoint a bond registrar, transfer agent, authenticating agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the County and the Registrar with respect thereto are as follows:

(a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will

authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the first day of the month of such interest payment date and until that interest payment date.

(c) Exchange of Bonds. When Bonds are surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the County.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The County and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen or lost, the Registrar will deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount satisfactory to it and as provided by law, in which both the County and the Registrar must be named as obligees. Bonds so surrendered to the Registrar will be cancelled by the Registrar and evidence of such cancellation must be given to the County. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Appointment of Initial Registrar. The County appoints Northland Trust Services, Inc., Minneapolis, Minnesota, as the initial Registrar. The Chair and the County Auditor/Treasurer are authorized to execute and deliver, on behalf of the County, a contract with

the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, the resulting corporation is authorized to act as successor Registrar. The County agrees to pay the reasonable and customary charges of the Registrar for the services performed. The County reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar must deliver all cash and Bonds in its possession to the successor Registrar and must deliver the bond register to the successor Registrar. On or before each principal or interest due date, without further order of this Board, the County Auditor/Treasurer must transmit to the Registrar moneys sufficient for the payment of all principal and interest then due.

2.05. Execution, Authentication and Delivery. The Bonds will be prepared under the direction of the County Auditor/Treasurer and executed on behalf of the County by the signatures of the Chair and the County Auditor/Treasurer, provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of any Bond, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. Notwithstanding such execution, a Bond will not be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on a Bond is conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been so prepared, executed and authenticated, the County Auditor/Treasurer will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

2.06. Temporary Bonds. The County may elect to deliver in lieu of printed definitive Bonds one or more typewritten temporary Bonds in substantially the form set forth in EXHIBIT B attached hereto with such changes as may be necessary to reflect more than one maturity in a single temporary bond. Upon the execution and delivery of definitive Bonds the temporary Bonds will be exchanged therefor and cancelled.

Section 3. Form of Bond.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form attached hereto as EXHIBIT B.

3.02. Approving Legal Opinion. The County Auditor/Treasurer will obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which is to be complete except as to dating thereof and to cause the opinion to be printed on or accompany each Bond.

Section 4. Payment: Security: Pledges and Covenants.

4.01. Debt Service Fund. The Bonds will be payable from the General Obligation Drainage Ditch Bonds, Series 2016A Debt Service Fund (the "Debt Service Fund") hereby created, and the proceeds of assessments (the "Assessments") levied for the Improvements described in Section 1.01 financed by the Bonds are hereby pledged to the Debt Service Fund. If a payment of principal or interest on the Bonds becomes due when there is not sufficient money in the Debt Service Fund to pay the same, the County Auditor/Treasurer will pay such principal or interest from the general fund of the County, and the general fund will be reimbursed for such advances out of the proceeds of the Assessments levied by this resolution, when collected. There is hereby appropriated to the Debt Service Fund (i) capitalized interest financed from Bond proceeds, if any; (ii) amounts designated for deposit in the Debt Service Fund in accordance with Section 1.03; and (iii) the accrued interest paid by the Purchaser upon closing and delivery of the Bonds, if any.

4.02. Construction Fund. The proceeds of the Bonds, less the appropriations made in Section 4.01, together with any other appropriated funds for the Improvements, will be deposited in a separate construction fund (the "Construction Fund") to be used solely to defray expenses of

the Improvements and the costs of issuing the Bonds. When the Improvements are completed and the costs thereof paid, the Construction Fund is to be closed and any funds remaining for the Improvements may be deposited in the Debt Service Fund.

4.03. No Tax Levy Required. It is hereby determined that the (5%) estimated collections of Assessments for the payment of the Bonds will produce at least five percent in excess of the amount needed to meet, when due, the principal and interest payments on the Bonds and no tax levy is needed at this time.

4.04. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds, as the same respectively become due, the full faith, credit and taxing powers of the County will be and are irrevocably pledged. If the balance in the Debt Service Fund is ever insufficient to pay all principal and interest then due on the Bonds and any other bonds payable therefrom, the deficiency will be promptly paid out of monies in the general fund of the County which are available for such purpose, and such general fund may be reimbursed with or without interest from the Debt Service Fund when a sufficient balance is available therein.

4.05. County Covenants with the Holders. It is hereby determined that the Improvements to be financed by the Bonds will directly and indirectly benefit the abutting property, and the County hereby covenants with the holders from time to time of the Bonds as follows:

(a) Levy of Assessments. The County will cause (i) the Assessments for County Ditch 29 and Judicial Ditches 367 and 51 to be promptly levied so that the first installment will be collectible not later than 2018, (ii) the Assessments for County Ditch 30 and Judicial Ditch 98 to be promptly levied so that the first installment will be collectible not later than 2017, and (iii) the Assessment for County Ditch 73 to be promptly levied so that the first installment will be collectible not later than 2016. The County will take all steps necessary to assure prompt collection, and the levy of the Assessments for the Improvements is hereby authorized. The Board will cause all further actions and proceedings relative to the making and financing of the Improvements financed hereby to be taken with due diligence that are required for the construction of each Improvement financed wholly or partly from the proceeds of the Bonds, and for the final and valid levy of Assessments and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.

(b) Payment of Deficiencies, if Any. In the event of any current or anticipated deficiency in the Assessments, the Board will levy ad valorem taxes in the amount of said current or anticipated deficiency.

(c) Books and Records. The County will keep complete and accurate books and records showing all receipts and disbursements in connection with the Improvements, the Assessments levied therefor and other funds appropriated for their payment, and all collections thereof and disbursements therefrom, moneys on hand and balance of unpaid Assessments.

(d) Annual Audit. The County will cause its books and records to be audited at least annually by qualified public accountants and will furnish copies of such audit reports to any interested person upon request.

(e) Collection of Assessments. In strict accordance with Minnesota Statutes, Chapter 103E, the County has heretofore caused the drainage project to be properly established, and the property within the county is subject to assessment for benefits in an amount not less than the amount of the bonds, and all proceedings and construction relative to the drainage systems financed by the bonds have been or will be made according to law and the County will impose and collect charges of the nature authorized by Minnesota Statutes, Section 103E.

4.06. County Auditor/Treasurer Certificate as to Registration. The County Auditor/Treasurer is authorized and directed to file a certified copy of this resolution and to provide the certificate required by Section 475.63 of the Act.

Section 5. Authentication of Transcript.

5.01. County Proceedings and Records. The officers of the County are hereby authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the County relating to the Bonds and to the financial condition and affairs of the County, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds and such instruments, including any heretofore furnished, will be deemed representations of the County as to the facts stated therein.

5.02. Certification as to Official Statement. The Chair and County Auditor/Treasurer are hereby authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

5.03. Other Certificates. The Chair and County Auditor/Treasurer are hereby authorized and directed to furnish to the Purchaser at the closing such certificates as are required as a condition of sale. Unless litigation shall have been commenced and be pending questioning the Bonds or the organization of the County or incumbency of its officers, at the closing the Chair and County Auditor/Treasurer shall also execute and deliver to the Purchaser a suitable certificate as to absence of material litigation, and the County Auditor/Treasurer shall also execute and deliver a certificate as to payment for and delivery of the Bonds.

5.04. Payment of Costs of Issuance. The County authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Northland Trust Services, Inc. on the closing date for further distribution as directed by Northland Securities, Inc.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The County covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees, or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds. To that end, the County will comply with all requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States (unless the County qualifies for any exemption from rebate requirements based on timely expenditure of proceeds of the Bonds, in accordance with the Code and applicable Treasury Regulations).

6.02. Not Private Activity Bonds. The County further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them to be used, in such a manner as to cause the Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

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

(a) the Bonds are not "private activity bonds" as defined in Section 141 of the Code;

(b) the County hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which will be issued by the County (and all subordinate entities of the County) during calendar year 2016 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the County during calendar year 2016 have been designated for purposes of Section 265(b)(3) of the Code.

6.04. Procedural Requirements. The County will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. Book-Entry System; Limited Obligation of County.

7.01. DTC. The Bonds will be initially issued in the form of a separate single typewritten or printed fully registered Bond for each of the maturities set forth in Section 1.04 hereof. Upon initial issuance, the ownership of each such Bond will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). Except as provided in this section, all of the outstanding Bonds will be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC.

7.02. Participants. With respect to Bonds registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC, the County, the Registrar and the Paying Agent will have no responsibility or obligation to any broker dealers, banks and other financial institutions from time to time for which DTC holds Bonds as securities depository (the “Participants”) or to any other person on behalf of which a Participant holds an interest in the Bonds, including but not limited to any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person (other than a registered owner of Bonds, as shown by the registration books kept by the Registrar) of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a registered owner of Bonds, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The County, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bonds, and for all other purposes. The Paying Agent will pay all principal of, premium, if any, and interest on the Bonds only to or on the order of the respective registered owners, as shown in the registration books kept by the Registrar, and all such payments will be valid and effectual to fully satisfy and discharge the County’s obligations with respect to payment of principal of, premium, if any, or interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of Bonds, as shown in the registration books kept by the Registrar, will receive a certificated Bond evidencing the obligation of this resolution. Upon delivery by DTC to the County Auditor/Treasurer of a written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the words “Cede & Co.” will refer to such new nominee of DTC; and upon receipt of such a notice, the County Auditor/Treasurer will promptly deliver a copy of the same to the Registrar and Paying Agent.

7.03. Representation Letter. The County has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations (the “Representation Letter”) which will govern payment of principal of, premium, if any, and interest on the Bonds and notices with respect to the Bonds. Any Paying Agent or Registrar subsequently appointed by the County with respect to the Bonds will agree to take all action necessary for all representations of the County in the Representation Letter with respect to the Registrar and Paying Agent, respectively, to be complied with at all times.

7.04. Transfers Outside Book-Entry System. In the event the County, by resolution of the Board, determines that it is in the best interests of the persons having beneficial interests in the Bonds that they be able to obtain Bond certificates, the County will notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such

event the County will issue, transfer and exchange Bond certificates as requested by DTC and any other registered owners in accordance with the provisions of this Resolution. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law. In such event, if no successor securities depository is appointed, the County will issue and the Registrar will authenticate Bond certificates in accordance with this resolution and the provisions hereof will apply to the transfer, exchange and method of payment thereof.

7.05. Payments to Cede & Co. Notwithstanding any other provision of this resolution to the contrary, so long as a Bond is registered in the name of Cede & Co., as nominee of DTC, payments with respect to principal of, premium, if any, and interest on the Bond and notices with respect to the Bond will be made and given, respectively in the manner provided in DTC's Operational Arrangements, as set forth in the Representation Letter.

Section 8. Continuing Disclosure.

8.01. Execution of Continuing Disclosure Certificate. For purposes of this Section, "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the Chair and County Auditor/Treasurer and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

8.02. County Compliance with Provisions of Continuing Disclosure Certificate. The County hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the County to comply with the Continuing Disclosure Certificate is not to be considered an event of default with respect to the Bonds; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this section.

Section 9. Defeasance. When all Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the County for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The County may discharge all Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner Flohrs, and upon vote being taken thereon, the following voted in favor thereof: Commissioners Flohrs, Smith, Schmidtke, Mahoney, and Belgard.

and the following voted against the same: None.

whereupon said resolution was declared duly passed and adopted.

EXHIBIT A

PROPOSALS



TABULATION OF BIDS
MARTIN COUNTY, MINNESOTA

\$7,270,000*

GENERAL OBLIGATION DRAINAGE DITCH BONDS, SERIES 2016A

AWARD: PIPER JAFFRAY

DATE OF SALE: MONDAY, JULY 18, 2016

STANDARD AND POOR'S GLOBAL RATINGS UNDERLYING RATING "AA-"

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
PIPER JAFFRAY Minneapolis, Minnesota SYNDICATE MEMBERS: CANTOR FITZGERALD, L.P.	\$7,524,058.95	\$1,973,191.05	2.1756306%
FTN FINANCIAL CAPITAL MARKETS Memphis, Tennessee	\$7,789,771.00	\$2,113,191.50	2.2741574%
BOSC, INC. Dallas, TX	\$7,618,403.45	\$2,157,979.88	2.3540467%
WELLS FARGO BANK, NATIONAL ASSOCIATION Charlotte, NC	\$7,513,898.60	\$2,138,601.40	2.3549402%
ROBERT W. BAIRD & CO., INC. Milwaukee, WI	\$7,569,648.75	\$2,165,626.25	2.3706831%

* Subsequent to bid opening, the par amount was reduced from \$7,425,000 to \$7,270,000. The adjusted bid price is \$7,366,611.83 plus accrued interest and the adjusted TIC is 2.1761562%.

Main Office 45 South 7th Street, Suite 2000, Minneapolis, Minnesota 55402 Main Office Toll Free 1-800-851-2920
www.northlandsecurities.com

Member FINRA and SIPC

EXHIBIT B

FORM OF BOND

No. R-_____ UNITED STATES OF AMERICA \$_____
STATE OF MINNESOTA
COUNTY OF MARTIN

**GENERAL OBLIGATION DRAINAGE DITCH BOND
SERIES 2016A**

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	December 15, 20__	August 15, 2016	573207

Registered Owner: Cede & Co.

Martin County, Minnesota (the "County"), a duly organized and existing municipal corporation in Minnesota, acknowledges itself to be indebted and for value received promises to pay to the Registered Owner specified above or registered assigns, the principal sum of \$_____ on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable June 15 and December 15 of each year, commencing June 15, 2017, to the person in whose name this Bond is registered at the close of business on the first day (whether or not a business day) of the month. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Northland Trust Services, Inc., Minneapolis, Minnesota, as Registrar, Paying Agent, Transfer Agent and Authenticating Agent, or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the County have been and are hereby irrevocably pledged.

The County may elect on December 15, 2024, and on any day thereafter to prepay Bonds due on or after December 15, 2025. Redemption may be in whole or in part and if in part, at the option of the County and in such manner as the County will determine. If less than all Bonds of a maturity are called for redemption, the County will notify Depository Trust Company ("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. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$7,270,000 all of like original issue date and tenor, except as to number, maturity date, redemption privilege, and interest rate, all issued pursuant to a resolution adopted by the Board of Commissioners on July 19, 2016 (the "Resolution"), for the purpose of providing money for the construction of improvements to various public drainage ditches within the County, pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 103E and 475, as amended, and the principal hereof and interest hereon are payable primarily from assessments levied against properties specially benefited by the improvements, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the County are irrevocably pledged for payment of this Bond and the Board of Commissioners has obligated itself to levy ad valorem taxes on all taxable property in the County in the event of any deficiency in assessments, which taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$5,000 or any integral multiple thereof of single maturities.

This Bond is issued in strict accordance with Minnesota Statutes, Chapter 103E, including without limitation that the drainage projects have been properly established and that the property within the county is subject to assessment for benefits in an amount not less than the amount of the bonds, and that all proceedings and construction relative to the drainage systems financed have been made or will be according to law.

The Board of Commissioners has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the County at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the County will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The County and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the County nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done,

to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the County in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the County to exceed any constitutional or statutory limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, Martin County, Minnesota, by its Board of Commissioners, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Chair and County Auditor/Treasurer and has caused this Bond to be dated as of the date set forth below.

Dated: August ___, 2016

MARTIN COUNTY, MINNESOTA

(Facsimile)
Chair

(Facsimile)
County Auditor/Treasurer

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

NORTHLAND TRUST SERVICES, INC.

By _____
Authorized Representative

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, will be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT

_____ Custodian _____

(Cust) _____ (Minor)

TEN ENT -- as tenants by entireties

under Uniform Gifts or Transfers to
Minors Act, State of _____

JT TEN -- as joint tenants with right of
survivorship and not as tenants in
common

Additional abbreviations may also be used though not in the above list.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto
_____ the within Bond and all rights thereunder, and
does hereby irrevocably constitute and appoint _____ attorney to transfer the said Bond
on the books kept for registration of the within Bond, with full power of substitution in the
premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name
as it appears upon the face of the within Bond in every particular, without
alteration or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a financial institution that is a member of the
Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program
("SEMP"), the New York Stock Exchange, Inc. Medallion Signatures Program ("MSP") or other
such "signature guarantee program" as may be determined by the Registrar in addition to, or in
substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of
1934, as amended.

The Registrar will not effect transfer of this Bond unless the information concerning the
assignee requested below is provided.

Name and Address: _____

(Include information for all joint owners if this Bond is held by joint account.)

Please insert social security or other identifying number of assignee

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

Date of Registration

Registered Owner

Signature of
Officer of Registrar

Cede & Co.
Federal ID #13-2555119

STATE OF MINNESOTA
COUNTY OF MARTIN

CERTIFICATE OF COUNTY
AUDITOR/TREASURER
AS TO REGISTRATION WHERE
NO AD VALOREM TAX LEVY

I, the undersigned County Auditor/Treasurer of Martin County, Minnesota (the “County”), hereby certify that a resolution adopted by the Board of Commissioners of the County on July 19, 2016, relating to the County’s General Obligation Drainage Ditch Bonds, Series 2016A, in the original aggregate principal amount of \$_____, dated August 15, 2016, has been filed in my office and said obligations have been registered on the register of obligations in my office.

WITNESS My hand and official seal this ____ day of _____, 2016.

(SEAL)

County Auditor/Treasurer
Martin County, Minnesota

Deputy

Roll Call AYES: Commissioners Mahoney, Smith, Flohrs, Schmidtke, and Belgard. NAYS: None. Resolution duly passed and adopted this 19th day of July, 2016.

Fahey next 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 following Drainage Ditch Projects including Judicial Ditch 98 and Judicial Ditch 367. Fahey noted 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.

After review,

Motion by Commissioner Mahoney, seconded by Commissioner Schmidtke,

MARTIN COUNTY, MINNESOTA

RESOLUTION NO. R-#33/'16

**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 various drainage ditch projects (the "Project"), including Judicial Ditch 98; and Judicial Ditch 367.
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.

Motion by Commissioner Mahoney, seconded by Commissioner Schmidtke, resolution duly passed and adopted this 19th day of July, 2016.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MINNESOTA

Elliot Belgard, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator

Roll Call AYES: Commissioners Flohrs, Smith, Schmidtke, Mahoney, and Belgard. NAYS: None. Resolution duly passed and adopted this 19th day of July, 2016.

Michael Forstner, Drainage System Manager, presented and reviewed a request from the Greater Blue Earth River Basin Alliance Policy Board to sign a letter of intent from the Martin County Drainage Authority in applying for Board of Water and Soil Resources Clean Water Fund Multipurpose Drainage Management Funds.

After discussion,

Motion by Commissioner Flohrs, seconded by Commissioner Mahoney, Be It Resolved that the Martin County Board of Commissioners, acting as the Drainage Authority for Martin County, hereby approve and authorize Board Chair to sign Letter of Intent to partner for FY2017 Clean Water Fund Multipurpose Drainage Management (MDM) Competitive Grants Program. Those voting in favor: Commissioners Schmidtke, Flohrs, Mahoney, and Belgard. Abstain: Commissioner Smith. Motion carries.

James Forshee, Martin County Auditor/Treasurer, presented and reviewed the Minnesota Counties Computer Cooperative (MnCCC) new Joint Powers Agreement. Forshee noted at the

2016 Annual Membership Meeting, the membership approved new Bylaws and a new Joint Powers Agreement and recommends Board approval.

Joint Powers changes include the following:

- Updating to the new MnCCC abbreviation for Minnesota Counties Computer Cooperative,
- Changing the requirement to change the Joint Powers Agreement from a majority vote to a two-thirds vote,
- Removal of the language for electronic or mailed ballots, and
- The language regarding failure to pay has been modified to match that language that is included in the bylaws and on our invoices.

Bylaws changes include the following:

- Updating to the new MnCCC abbreviation for Minnesota Counties Computer Cooperative,
- Removal of the special language for ISSG, which is now included with the other user groups in the bylaws language,
- Additional language that allows a Past Chair to serve a second term in the event that a Chair is unable to serve as Past Chair in the officer rotation,
- Removal of the language for electronic or mailed ballots, and
- Added statement noting we use a modified accrual basis for accounting.

After review,

Motion by Commissioner Schmidtke, seconded by Commissioner Smith, Be It Resolved that the Martin County Board of Commissioners, hereby approve and authorize Board Chair to sign the Amended and Restated Joint Powers Agreement with the Minnesota Counties Computer Cooperative (MnCCC); and is contingent upon final review and approval of the County Attorney. Carried unanimously.

The Board reviewed warrants to be paid July 19, 2016.

Motion by Commissioner Schmidtke, seconded by Commissioner Flohrs, Be It Resolved that the Martin County Board of Commissioners, hereby approve bills to be paid on July 19, 2016, as presented; and includes the Martin County Highway Department and Drainage bills as presented. Carried unanimously.

Warrants received and paid July 19, 2016, are registered on file in the Auditor/Treasurer's Office as follows:

Revenue Fund – Warrants Approved July 19, 2016	\$125,115.17
Enhanced 9-1-1 Fund	\$ 23,543.72
Martin Co. Economic Development Fund	\$ 1,120.84
Solid Waste Management Fund	\$ 30,162.37
Law Library Fund	\$ 1,278.61
Martin County Transit Fund	\$ 223.15

Recorder's Technology Fund	\$ 1,340.00
Building – CIP – Fund	\$ 2,210.96
Bank Building Fund	\$ <u>8,304.39</u>
Total	\$193,299.21

Road and Bridge Funds Totaled	\$102,260.88
Martin County Ditch Funds Totaled	\$ 37,953.11

The Board recessed at 10:07 a.m.
The Board reconvened at 10:15 a.m.

Jason Dale, Cooperative Network Services, along with JoAnne Johnson, Broadband Adventures, and were in attendance to present a Martin County Broadband Feasibility Study Update outlining costs, partners, opportunities, and challenges associated with bringing broadband to all residents and businesses in Martin County. The primary focus of this feasibility study is to leverage the existing assets and ambitions of incumbent providers, coupled with potential grant/public funds to expedite and improve broadband deployment.

Dale continued with the Broadband Feasibility Study Update including:

Existing Fiber Inventory

- Route information collected from:
 - BEVCOMM
 - Midcontinent Communications
 - SM Broadband
 - West Central Transport Group
 - Zayo
 - Dunnell Telephone

Frontier – informally shared general information

- Review of Existing Fiber Inventory Results
- Demographic Information/Potential Broadband Customer Projections
- Review of Served Areas (Feb 2015) – Wireline 10/5 (Min)
- Review of Martin County Build to Cover Entire County
 - Project Total - \$72,522,610
 - Cost Per Service - \$14,990
- Review of 2017 (Projected) Unserved Areas
- Review of Martin County Build to cover 2017 Unserved (Assumes Granada Exchange is already 100% served).
 - Project Total - \$50,389,840
 - Cost Per Service - \$27,948
- Review of Backbone Network Only (No Local Service Build)
- Review of Martin County Backbone Build Only (No Local Service Build)
 - Project Total - \$5,111,630
 - Cost Per Service – n/a
- Review of Backbone Network with Local Service Build

- Review of Backbone Build with (Local Service Build within all Unserved Towns along the way)
 - Project Total - \$10,901,700
 - Cost Per Service - \$13,072
- Recent Frontier Discussions
 - Potential Frontier-Martin County partnering on a grant application
 - Preliminary plan for \$2 million grant (\$4 million project); working to augment for a \$5 million grant (\$10 million project)
- ❖ Positives
 - County's best chance at partnering on an applications
 - Little cost to County, other than grant application
 - FTTP to a few areas, deployment of 25/3 copper areas as well as 10/1 areas
- ❖ Risks
 - If Frontier doesn't come through/not funded, little chance to find another partner for a grant app
 - County potentially giving up leverage/difficult to turn back
 - Not an all-fiber design; not guarantee Frontier will take the future steps
- ❖ Next Steps
 - Frontier to finalize proposed plan
 - Present to corporate with funding request (week of 07/25)
 - Funding decision from corporate (week of 08/01)

Dale noted Frontier covers the most territory of current providers in the County. All through this process they've been saying that they would like to partner with the County, in terms of going after state grant dollars. We recently had a meeting with Frontier, which receives federal funds, and are under no obligations to do upgrades to their network throughout Minnesota. So in terms of our progress on the study...once we started looking at partnering with Frontier we kind of took our foot off the gas a little bit before we get too far ahead of ourselves in case this is where things end up going. We don't want to give you a report that doesn't address this in other words. We want this to be kind of "part in parcel" of something that we've explored and looked at and whether it is something that will ultimately happen or not.

JoAnn Johnson noted I've been meeting with individual business owners, with representatives from the educational community and the healthcare community and gathering information on types of services that they are currently using.

Jeff McCabe, Frontier General Manager Southwestern Minnesota, was present and noted we talked about 10-1 and it gets confusing because everything we're talking about with the grant is 25-3 and they want it to be scalable. That \$2 million that was talked about was south of town so down around the lakes there's some population around South Silver and Silver and out that way and a lot of that might be fiber to the home; and then out to Fox Lake was one of the other areas we were looking at population. Now, along the way where there's one farm house her and one here...there would be splice points that would be 25-3, but not fiber to the home. The understanding is it could be scalable in that you could have a drop down the road and that's the part where there's risk. If there's a splice point along the route it makes it a lot easier to come back at some later date of there is interest to connect that home to fiber. Right now the fiber to

the home would be the populated areas. The 10-1 is still going to happen. Everything in the grant application though at a minimum is 25-3.

Commissioner Belgard noted so keeping this simple for those of us that have not been on this committee...you're going for a \$5 million dollar grant and you're saying that Frontier is matching the \$5 million.

Dale noted that's what Frontier has presented to us thus far is that they would bring the matching funds to that so they would be bringing \$5 million and then there would be \$5 million in grant or maybe it would be different than that or more than that...I can't speak for them.

Diana Scott inquired my question would be of this proposal for the \$5 million...what number of unserved living units would be addressed in this smaller project. I know that Frontier does a lot with the City of Fairmont and that basically holds about 50% of what's covered now. I personally have 100 meg at my house here in the City of Fairmont so I know that larger speeds are available; but, I'm concerned with this smaller range of really how are we penetrating that underserved area.

Dale noted Jeff (McCabe) might be able to share some of the details on what their plan will shape up to be but I guess I would say if we look at that slide that has the purple area...that's the unserved area as close as we can ascertain...

Chair Belgard inquired I know there's fiber optic cable in this county that isn't on the map...is that just stuff that Frontier has chosen not to show or is it not adequate. There is some fiber there...will that in turn lower the cost. It may help lower that overall cost. Because if you just do that backbone part some of that backbone is there already.

Dale noted that definitely would. So Frontier has chosen not to provide that information publicly which we find that quite often companies don't want to do that for trade secret reasons they just don't want their competitors to know details about their network. Like I said they did show me a slide that showed the network already connects all of their towns within the county. That would definitely lower the cost.

McCabe noted you're right. The backbone is already there. We don't have fiber currently to East Chain and that was also one of the initial projects to bring East Chain on the network. The backbone is there so that's redundant so there are multiple rings within the state that you would be a part of. The very top northwest there where it says citizens that's Frontier as well (Odin and Ormsby).

Commissioner Schmidtke noted when Frontier hooks up a DSL high speed internet is that copper or fiber optic?

Dale noted copper in town and then if it's available in a rural area it will be fiber to the cabinet and then copper the rest of the way. But the ultimate interface to the user is copper and the speed is limited to the distance it travels over copper.

Bryan Stading inquired so I know all this is literally based on that grant. Do we have any experience to see what a successful grant looks like, what the state is really looking for as far as sweet spot and do what we have hit that.

Dale noted so for the grant application for this year's program just became available yesterday I saw it and along with that is the scoring criteria worksheet so this is how it's judged and my experience is it is pretty straight forward on how it's judged...it's a relative straight forward process. Now that said, I've seen thick applications and thin applications and both were awarded too.

Jim Beatty, Bevcomm, noted Bevcomm was a recipient of two broadband grants for this current construction season. Our experience is the state is really great to work with on these grant applications and the criteria is not incredibly onerous and so we're hopeful from our perspective that based on our experience with last year's program and our ability to comply in a timely manner with the grant requirements that we hope to be in very good position to get another grant in those areas in the lower density areas outside of Granada city limits.

Chair Belgard noted let me ask you this because I don't understand it. Dealing with Frontier when there is a Bevcomm is there no issues with that...I mean there are other players. Normally you know as a public entity and using tax dollars...even though we wouldn't be in this case...you offer competitive stuff. Nobody else would come forward besides Frontier to do this I take it...a project of this scope. Bevcomm?

Beatty noted we're limited in those areas that we are the designated...the incumbent local exchange carrier in the Granada exchange. We do not have (inaudible) authority in the other parts...competitive exchange authority in the other parts of the county. So we're only limited to approve...where we can only improve our service is in the areas that we are the designated service provider at this point.

Jean Burkhart, private citizen, noted some will never be served...have your conversations kind of flushed what's the picture out there for those households that are rural, often farms...what is the current picture and what is the projected future picture for how they are being served and how could they be served in the future via wireless, satellite, whatever existed. I think that's also part of the county board's discussion which is who is not being served and what their picture was for the future in terms of economic development.

Dale noted LTD Broadband is a wireless provider that they have a lot of transmitter locations throughout the County. They do provide service. Some of it is challenged by line of sight so maybe not everyone can get it so that's certainly an option for those that don't have it. Or, ultimately, Frontier needs to get to 10-1 for all of their customers otherwise they'll get penalized for that too. So 10-1 is an option for them.

Higgins noted this is ultimately coming to the county board and the committee is doing their work on the feasibility study. Then my thought would be for you (the Board) to take it from there if you wish to proceed and get the service out there. Knowing this is the first real formal presentation to the Board, if it is alright with the Board Chair, we have a committee that for over

a year now has been meeting and working and is really dedicated and is a cross-section of schools, businesses, providers, and if I could I'd like to have them introduce themselves and who they represent.

Jeff McCabe, Frontier General Manager for Southwestern Minnesota, Lee Stewart, Fairmont Area Schools/Presentation College, Jim Beatty, Bevcomm, Linsey Price, City of Fairmont, Steve McDonald, Martin County MIS Director, Bryan Stading, Martin County EDA, Margaret Dillard, Fairmont Area Chamber, Roni Dauer, Fairmont Community Education & School District, Diana Scott, AT&T, Jean Burkhart, Private Citizen, Moni Harper, MRCI Work Source, Roman Johnson, Avery Weigh-Tronix, Corey Hauer, LTD Broadband, and John (inaudible), LTD Broadband.

Higgins noted Commissioner Mahoney is part of the committee as well as newly elected Commissioner Kathy Smith. Getting the word out with social media survey you see that happening and I think this is really hopefully bringing it to the forefront and now that we've brought this before the board hopefully this will pick up speed and get people interested. I don't know if LTD has anything to say.

Chair Belgard noted he wanted to commend CNS for the good job they've been doing for us. It appears like we picked the right company and I want to commend the committee also. This is a pretty impressive display for those of us that aren't seeing it every day.

Corey Hauer, LTD Broadband, noted yes I think this information will be very useful to the Board and to realize that there are some other things that maybe you're not aware of here in Martin County.

Hauer noted I hope you find this information to be valuable in understanding some of your options in Martin County to improve broadband service. LTD Broadband is a fixed wireless ISP. We were founded in 2010 and we operate 500 towers in Minnesota and Iowa. All of our clients have no contracts, no data caps, and we have Hi Def streaming capable plans starting from \$30 a month. The landline business is a melting ice cube but people need fast, reliable internet service in the country. TV business is being upended and nobody wants to pay \$180 a month for telephone, TV, and internet. People want to pay \$30 for internet and they want to pay \$10 to \$20 for TV. And using the internet they can do that today.

Hauer went on to note I regret I have to say some negative things about Jeff's (McCabe) company (Frontier). I'm going to say some things that are true but tough about Frontier and that doesn't reflect on Jeff (McCabe) or in fact any of the southern Minnesota Frontier folks that I've interfaced with. \$10,000 per house which Jason Dale talked about...or \$8,000 per house fiber is not going to be funded in the quantities that would be necessary to bring broadband to people. And take rate is a huge factor in that. Depending on take rates if you figure 20% take rate which in a competitive environment could be true...\$50,000 almost becomes a number and it can get crazy pretty quickly. Fiber itself is relatively cheap, as Mr. McCabe pointed that out; but burying it and maintaining it are both expensive. That's part of the reason why Frontier isn't able to replace their rotting copper with fiber. It just costs a lot. And, people want fast internet but they need to be able to afford it. And CNS did compute \$72 million dollars to do fiber to the

premise in Martin County...that's definitely not going to happen. And I've never been one to say wireless is always a better solution. Extreme forestry and our technology do not mix. We're not going to be bringing our service to St. Louis County. But, Martin County is blessed with what our industry calls very nice. It's relatively flat, has a lot of grain structures and municipal water towers, it's perfect for leveraging fixed wireless to deliver broadband that people can afford.

Hauer also noted it's important to understand that fiber is not magic. It really is just a pipe. And it's interesting that wireless is actually faster than fiber. The companies that do trading that try to beat Wall Street through their microseconds trade information...they discovered this and that's why they use the same technology we did, microwave, to go from New York to Chicago because they can actually outrun the fiber. And it's interesting that that's the case. But LTD Broadband is not anti-fiber...we use tons of it. We use a large amount of middle fiber from companies like Charter, Midco, (inaudible), that's how we get from Minneapolis out to the rural areas with 10 gig pipes. We purchase middle-mile from a number of carriers. And we also use fiber for short distance applications so if you're at a farm site and you have a wood-line at the edge of your property we can lay 1,000 feet of fiber to get our antennae beyond your woods and we do that today. We also if our boarder to boarder application is selected we'll be doing some fiber in the woods. We'll run wireless, which is a reliable fast technology, to the edge of the woods and then pick up and serve the 13 houses that are stuck in the unserved woods. So we're not anti-fiber. We're just anti-wasting of money.

Hauer noted and DSL technology is certainly dead. I used to own a phone company...I sold it in 2008 because I saw the writing on the wall and Frontier realizes this, their challenge...they have a lot of problems with their copper plant and we sign up customers every day that are getting 1 Meg service and it doesn't really matter the distance. You know even 1 mile west of Lyle (Minnesota) we signed up a customer the other day. Her speed test is 1 Meg 1 mile from town. That shouldn't be the case but the copper has degraded and that's why she gets 1 Meg. And Frontier she gave them the authority...Frontier sent her 4 different modems thinking the model would somehow fix her service and of course it didn't. And the Frontier techs know that...they know that the wrecked copper is the problem and the folks in New York are not giving them the money to fix it.

Hauer went on note I'll quickly go over a couple of technologies that Jason (Dale) talked about. VDSL might be one of the technologies that Frontier would use. To even meet the bare minimum federal standard, they could go .7 miles. That's the distance that VDSL supports. Obviously Frontier isn't going to put a terminal cabinet every 7/10ths of a mile. Another possibility would be an ADSL2+. Frontier arguably if they could find two good copper pairs to a house, they'd bond them together and that would bring the reach out to 1.49 miles. So even in the wild scenario where the state would accept 25-3 which I don't believe they will that's a really, really limited distance. You'd have to have a tremendous amount of remote terminal cabinets to make that architecture possible. But, unfortunately the 100-100 is the standard and there is no scalability of any DSL technology to support 100-100. I am impressed though with the honesty of Frontier's mobile techs. I've had more than a few instances where Frontier goes out to install a customer's DSL, the tech acknowledges the fact that they're not going to get service and the Frontier tech knows that they're going to come out again and again to fix service

that can't be fixed. The fix is to get rid of the wet cable or the rotten insulation or replace the facility. And there isn't funding to do that. So, I have a ton of respect for Frontier's local folks...I think they see your community as someplace they live and they don't want to go to church with you and have you stare at them for the crappy DSL service you've got. So I do respect their honesty quite a bit. But obviously we believe that the future of rural broadband is fixed wireless...the technology we've been using since 2010. And I think that most of the buried service techs have been flatfooted by how good fixed wireless has become and how fast it can transport data. And also, more recently, how many trees it can get through. And for years I used to believe that fiber was the end all be all for broadband. And in 2010 I learned otherwise. Several companies came out with inexpensive reliable point to multipoint wireless equipment that was able to deliver fiber type product at a fraction of the cost. In this case, literally \$0.05 cents on the dollar, relative to fiber. And LTD Broadband provides service today at or even beyond the specs that the state requires for our border to border application. We provide 10-2 service...we do 25-5 service. The Verizon store here in town they're on the wrong side of the highway so they can't get Midco; but, they have our service 25-5 service today. And we're doing our service for our infrastructure costs of not \$10,000 a house but \$200 a house and so we can serve all of the unserved, the person that's the hardest to serve at the end of the line...we can serve them. And to the future using multiuser MIMO wireless technology we're going to be able to deliver even faster speeds...250-100, 1000-100, is already in the LTD committees approved roadmap. They're building 1000-100. You're actually going to have 1000-100 to your phone but we're going to bring 1000-100 to your house via wireless. We actually also provide microwave service 1000-1000 today via point to point microwave.

Hauer also noted now Frontier has received \$27.5 million in Minnesota, arguably to serve 46,910 homes that they don't serve today. So they're getting \$586 a house and sort of this is the FCC solution the price-cap carriers of which Frontier is one were not upgrading...they were not serving the rural customers and so the FCC said how can we fix that and I think their answer was a wheelbarrow full of money and they are deploying billions of dollars...\$27.5 million in Minnesota...to help the Telcos deliver 10-1. But the Telcos pushed back and said you know what it's hard to get these end of the road people to give us a break and they did...we're not going to make you serve 100%...you only have to serve 90%. So Frontier is going to be able to redline 10% of the houses in Minnesota that are arguably the most expensive. And they're a business...I get it...but they got what they wanted from the FCC so arguably the price is actually going to be \$651 per house of subsidy. But, as far as I can tell they haven't lifted a shovel yet and so how do we get Frontier to lift a shovel you know it appears now that they want another wheelbarrow full of money this time from the State of Minnesota. I've driven hundreds of miles in the last four weeks in Martin County and I've seen no evidence of any new Telcom cabinets...anybody digging anything...yet Frontier received their first dollars back in June of 2015. So now here we are, 14 months later but the grant program that Minnesota is reporting has an 18 month requirement so I have a hard time believing that Frontier could finish it all in the last 4 months given their history of not really doing anything with the federal money that they have been receiving.

Hauer noted most importantly I think if the county decides that they're going to put in with Frontier they have just a huge problem in that DSL is a scalable technology. The state of Minnesota is not going to allow funding for DSL. I've talked to legislators and they told me

point blank that they feel that this is an infrastructure investment...they want to treat this like a bridge or road something that's going to last 10-15 years. They don't want something that they'll have to tear out in 3 years and replace it with something new. So honestly I don't see any chance of their application I think the county could be wasting their time and resources if they align with Frontier. And Frontier does not have a history of doing fiber to the premise in Minnesota. They just haven't done it. The economics don't work so I don't blame them; but there is history of them taking their own money and doing it and potentially they could use some of the federal money they received and brought some fiber but they haven't done it yet in the last 14 months. I spoke to CNS...I don't know why they ignored LTD Broadband as an obvious partner. So this is what I came up with. Obviously they are owned by buried service companies. These companies are many of the folks that have received \$10,000 per home for fiber in northern Minnesota. I've read and he's right these applications can look like this and CNS is not allowed their engineering work and I mean there's nothing wrong with that but that's all I can come up with for why they are not suggesting LTD Broadband. And I respectfully suggest that obviously you're talking to a company right now that would be prepared. I was not aware that Frontier was not even approved at corporate level to do a build; but, I'll say if you decide not to make us Plan A...we're definitely a Plan B that's ready to go. And really from a county perspective all we would ask for we wouldn't need any money from the county but we would like to work with county agencies on things like broadband awareness, classes, maybe helping people get inexpensive or free refurbished PC's and tablets...I think there's resources within Martin County that we could definitely work with to enhance our application.

Hauer also noted and I want to close with this. This is our current coverage map in Martin County today. We have 33 towers for fixed wireless service in Martin County. We have a good number surrounding Martin County that also cover into Martin County. The red is an area that is covered by multiple towers...pink would be an area that's only covered by 1 tower. But we do cover all of Martin County today. There's not a location that I know of that we can't deliver 10-1 service to. I'll share some more information...if somebody wanted 100-100 we could build it to them in six months...they would have it. We don't have to call New York to get funding...we'll just hook it up. So in terms of broadband availability I think and the reason I appreciate you guys giving me time to talk to you...this is largely solved in Martin County.

Chair Belgard noted obviously we'll give Jeff (McCabe) a chance to answer to a couple of those things but we'll spend just a few more minutes and then we'll shift this back to the committee and the commissioners have more county business to take care of.

McCabe noted yeah I think it's good to look at the facts and I'm not sure you got many facts during that response and I appreciate Cory's delivery...he's very good at what he does but a lot of what we have here is pictures and not facts. So, as far as the scare tactic about we're going to be all copper...no, we talked about bringing fiber out to rural areas. Could there be some farmhouses we talked about that have copper you know fiber up to the (inaudible) and then copper from there, yes, there probably would be some in the unpopulated areas. But what we talked about around the populated areas was fiber to the home. When we're talking fiber to the home that's already scalable to 100, right? Its fiber all the way right to the house so you know we don't plan to be selling 100 symmetrical right now but we could. We could be selling a gig if it's fiber to the home. And yes when we talk about we don't know what we're doing as far as

fiber to the home...I have several communities in the west metro that are fiber to the home and in the south metro we've got 20 going in right now. We do a lot of fiber to the home. If this county goes with this project we're installing IPTV which is internet protocol TV...it's not part of the grant but I can guarantee if I have fiber to the home I'm going to be wanting to lobby with the county and the cities can I bring TV products into this area which creates more competition because maybe some of the local cable companies won't like that but I will have the infrastructure to bring a lot more products into the area. Now I think Jason (Dale) has put together a good plan and I think Jason (Dale) and our engineering should make sure it's designed the way you want...the cost just changed. If you want it to be mostly all fiber to the home we can do that...it's probably going to be a smaller geographic area because of the cost because we're going to be looking at a total project of about \$10 million. Ideally a little more I think it's true that the waiting process when they look at it if there's a higher match from Frontier...that's better. So you know if it could be you know 55-45 it's probably more saleable. I don't want to put words in Jason's (Dale) mouth but I think I saw an email to the State of the Office of Broadband and we gave them an idea of what we were talking about and the response so far was that looks like a good plan. That is scalable. As long as you have access points throughout the fiber route where later we can come back and pick up those few households I think the Office of Broadband thought it was a pretty good plan thus far.

Chairman Belgard inquired who ultimately makes the decision. Is it this board?

Higgins noted the grant will come before you before submitting the grant but the (Broadband Steering) committee is working on it. We will come to the Board to support that. Jason (Dale) is helping us with the grant and the committee is working on it on behalf of the County Board so when we get closer to that we'll bring it forward to submit the grant application for consideration and approval.

Commissioner Schmidtke noted I think it is a good plan...I think this will cover the majority of the people in our county but there's a lot of people like me that it isn't going to help like I'm out in the country that's not close to a populated area...there's still a lot of us out there. But, it is what it is.

Commissioners reviewed their calendars of upcoming meetings and activities: July 6, 2016 –F-M Joint Transit Executive Board meeting in the afternoon; July 8, 2016 – GBERBA and Bioreactor tour in Winnebago, MN; July 9, 2016 – Trimont Parade; July 11, 2016 – regular Martin County EDA meeting at 5:15 p.m.; July 12, 2016 – Library Board meeting; July 13, 2016 – Human Services Executive Board meeting and Transit Executive Board meeting; July 14, 2016 – Soil and Water meeting; July 15, 2016 – Prairieland meeting; July 16, 2016 – Welcome Parade; July 18, 2016 – Minnesota Valley Action Council Annual meeting; July 19, 2016 – Broadband Feasibility Study and F-M Joint Transit Full Board meeting in Blue Earth, MN; July 20, 2016 – Park Board meeting at 4:30 p.m. at Cedar-Hanson Park, Department Directors meeting at 8:30 a.m., and South Central Minnesota Multi-County HRA meeting at 5:45 p.m. in North Mankato, MN; July 22, 2016 – Labor Negotiations at 11:30 a.m.; July 23, 2016 – Truman Parade and 3M Tour; July 25, 2016 – Rural Minnesota Energy Board meeting in Slayton, MN; July 26, 2016 – Kinship meeting and Planning & Zoning meeting at 5:30 p.m.; July 27, 2016 – Human Services Full Board meeting and Convention & Visitor's Bureau meeting; July 28, 2016

– Regional Radio Board and South Central EMS meetings in Mankato, MN, Traverse de Sioux Library Board meeting in Mankato, Water Quality meeting; August 1, 2016 – regular Martin County EDA meeting at 5:15 p.m. and Beyond the Yellow Ribbon meeting; August 2, 2016 – next regular Board of Commissioners meeting at 9:00 a.m. – Commissioners meeting room.

With no further business to wit, Board Chair adjourned the meeting at 11:46 a.m.

BOARD OF COMMISSIONERS
MARTIN COUNTY, MN

Elliot Belgard, Board Chair

ATTEST: _____
Scott Higgins, County Coordinator