



**REVISED AGENDA
MANDAN CITY COMMISSION
OCTOBER 31, 2012
ED "BOSH" FROEHLICH MEETING ROOM,
MANDAN CITY HALL
NOON
www.cityofmandan.com**

-
- A. ROLL CALL:
1. Roll call of all City Commissioners and Department Heads.
- B. MINUTES:
- C. PUBLIC HEARING:
- D. BIDS:
- E. CONSENT AGENDA:
1. Consider to waive the competitive bidding requirement for the replacement of boilers at the Memorial Building (City Hall).
2. Consider games of chance for the following:
i. ND Simmental Association at Kist Livestock from October 23, 2012 through December 15, 2012.
ii. North Dakota Red Angus Association at Kist Livestock from November 1, 2012 through December 1, 2012.
- F. OLD BUSINESS:
- G. NEW BUSINESS:
1. Presentation by Mike Manstrom, Dougherty & Company LLC, regarding the sale of \$5,155,000 Refunding Improvement Bonds of 2012, Series B. (See Resolutions #1)
- H. RESOLUTIONS AND ORDINANCES:
1. Consider Resolution Awarding Sale of Warrant and Bonds for Street Improvement District #161.
- I. OTHER BUSINESS:
- J. FUTURE MEETING DATES FOR BOARD OF CITY COMMISSIONERS:
1. November 6, 2012 – 4 p.m. start time
2. November 20, 2012
3. December 4, 2012
- K. ADJOURN



Board of City Commissioners

Agenda Documentation

MEETING DATE: October 31, 2012
PREPARATION DATE: October 24, 2012
SUBMITTING DEPARTMENT: Memorial Building
DEPARTMENT DIRECTOR: Jim Neubauer/Greg Welch
PRESENTER: Jim Neubauer/Greg Welch
SUBJECT: Replacement of boilers at the Memorial Building (City Hall)

PURPOSE

Consider to waive the competitive bidding requirement for the replacement of the boilers at the Memorial Building (City Hall).

BACKGROUND

The four boilers at the Memorial Building are over 30 years old no longer work and are beyond repair. The Building Maintenance staff has maintained the boilers beyond their useful life through frequent repairs over the years.

Since the Memorial Building no longer has heat and the cold season is soon upon us, the City needs to replace the boilers as soon as possible. Therefore, due to the circumstances, the request is for the City to waive the competitive bidding requirement as allowed under the Mandan Municipal Code Section 3-01-04(1).

The City has received two Proposals:

- Dirk Plumbing and Heating - \$45,600.00
- City Air Mechanical - \$62,000.00

ATTACHMENTS

Proposals

FISCAL IMPACT

The replacement of the boilers would be paid from the City's Building Reserve Fund.

STAFF IMPACT

N/A

LEGAL REVIEW

Reviewed by Malcolm Brown, City Attorney

RECOMMENDATION

To waive the competitive bidding requirement for the replacement of the boilers at the Memorial Building (City Hall) and accept the Proposal from Dirk Plumbing and Heating.

SUGGESTED MOTION

Move to waive the competitive bidding requirement for the replacement of the boilers at the Memorial Building (City Hall) and accept the Proposal from Dirk Plumbing and Heating.

PROPOSAL

Dirk Plumbing and Heating, Inc
2101 3rd St SE
PO Box 127
Mandan, ND 58554
Phone: (701) 663-3671 Fax: (701) 663-3556

Proposal Submitted to:
Mandan City Hall

Date: October 25, 2012

Project Site:
Boiler Replacement

We propose to furnish material and labor-complete in accordance with specifications below for the sums listed below

Terms: Payment to be made as work progresses

Project Scope:

Replace 2 steam boilers with 2 Burnham 385 MBH

Replace 2 steam boilers with 1 Burnham 550 MBH hot water boiler and tie into hot water side of tube bundle.

Note: Includes all piping involved in changing boilers, piping to bundle, and condensate piping as per conversation with Jay.
Any piping outside of mechanical room will be an extra charge.

Total \$ 45,600.00

Accepted by _____


(Authorized person)

Date: _____

10-26-12

If above terms are not met, a late charge of 1 ½ % per month will be added to the unpaid balance.

Propose may be withdrawn by us if not accepted within 30 days.

We thank you for the opportunity to propose this work.

Jason Dirk, Owner, Master ND 8804
Dirk Plumbing and Heating, Inc

Oct. 19. 2012 11:53AM City Air Mechanical

No. 5595 P. 1



CA MECHANICAL, INC.

**Plumbing / Heating
 Ventilation / Sheet Metal**

3505 East Rosser Ave ~ PO Box 4123
 Bismarck, ND 58502-4123
 Ph: (701) 223-3775
 Fax: (701) 223-6814
Certified Woman Owned Business

PROPOSAL

Proposal Submitted To: City of Mandan	Job Name: 4 Steam Boiler Replacement	Date: October 19, 2012
Address:	Job Location:	Master Lic # 79384 / 0617
City/State/Zip: Mandan, ND 58554	Attention: Eddy	Phone: 701-214-8713

We are pleased to present to you the following bid. We propose to furnish all labor and material per our mechanical scope of work complete.

Inclusions:
 Installation of (4) Burnham replacement steam boilers with piping and venting adaptions also includes boiler demo.

Exclusions: Electrical and controls.

Notes:

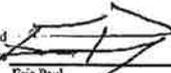
We Hereby Propose to furnish all labor and material - complete - in accordance with the above specifications for the sum of:
Base Bid: Six two thousand and no cents

Dollars **\$62,000.00**

Dollars

Payment to be made **MONTHLY** as the work progresses to the value of 100% of all work is complete and material on job site.
 The entire amount of contract to be paid within 30 Days after completion.
 Note: This proposal may be withdrawn by us if not accepted within 30 Days.

All material is guaranteed to be as specified. All work is to be completed in a workman like manner according to standard practices. Any alteration or deviation from the above specification involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements are contingent upon strikes, accidents, or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by worker's compensation insurance. If payment for work provided in this proposal is not paid when due, customer agrees to pay for all costs of collection including attorney's fees.

Authorized Signature: 
 Eric Paul

Acceptance of Proposal

The above prices and conditions are satisfactory and are hereby accepted. You are hereby authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance: _____ Signature and Title: _____



LOCAL PERMIT OR CHARITY LOCAL PERMIT
 OFFICE OF ATTORNEY GENERAL
 SFN 17926 (9-2009)

Consent No. 2i

Type: Local Permit * Charity Local Permit

Permit Number
2012-46

Name of Organization Nd Simmontal Association		Date(s) Authorized (Read instruction 2) 10/23/2012 to 12/15/2012 Beginning Ending	
Contact Person Luke Keller	Business Phone Number (701) 471-1142		
Mailing Address 1573 County Road 136	City Mandan	State ND	Zip Code 58554-0000
Site Name Kist Livestock	Site Address 1715 40 Avenue Se		
City Mandan	State ND	Zip Code 58554-0000	County Morton
Check the Game(s) Authorized: * Poker, Twenty-one, and Paddiewheels may be Conducted only by a Charity Local Permit.			
<input type="checkbox"/> Bingo <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Calendar Raffle <input type="checkbox"/> Sports Pool <input type="checkbox"/> Poker* <input type="checkbox"/> Twenty-one* <input type="checkbox"/> Paddiewheels*			
Restriction:			
Requirement: For a "Charity Local Permit," the organization must file a "Report on a Charity Local Permit" with the city or county auditor <u>and</u> Office of Attorney General within 30 days of the event.			
Date 10/19/2012	Signature of: <input checked="" type="checkbox"/> City Auditor <input type="checkbox"/> County Auditor <i>Jay Gruebele</i>	Printed Name of City or County Auditor Jay Gruebele	Auditor Telephone Number (701) 667-3250

Please see the instructions on the backside of this form on how to complete the Permit.
 For a raffle or calendar raffle, read "Information Required to be Preprinted on a Standard Raffle Ticket" below.

 cut along this line

INFORMATION REQUIRED TO BE PREPRINTED ON A STANDARD RAFFLE TICKET:

1. Name of organization;
2. Ticket number;
3. Price of the ticket, including any discounted price;
4. Prize, description of an optional prize selectable by a winning player, or option to convert a merchandise prize to a cash prize that is limited to the lesser of the value of the merchandise prize or four thousand dollars. However, if there is insufficient space on a ticket to list each minor prize that has a retail price not exceeding twenty dollars, an organization may state the total number of minor prizes and their total retail price;
5. For a licensed organization, print "office of attorney general" and license number. For an organization that has a permit, print the authorizing city or county and permit number;
6. A statement that a person is or is not required to be present at a drawing to win;
7. Date and time of the drawing or drawings and, if the winning player is to be announced later, date and time of that announcement. For a calendar raffle, if the drawings are on a same day of the week or month, print the day and time of the drawing;
8. Location and street address of the drawing;
9. If a merchandise prize requires a title transfer involving the department of transportation, a statement that a winning player is or is not liable for sales or use tax;
10. If a purchase of a ticket or winning prize is restricted to a person of minimum age, a statement that a person must be at least "___" years of age to buy a ticket, or win a prize;
11. A statement that a purchase of the ticket is not a charitable donation;
12. If a secondary prize is an unguaranteed cash or merchandise prize, a statement that the prize is not guaranteed to be won and odds of winning the prize based on numbers of chances; and
13. If a prize is live beef or dairy cattle, horse, bison, sheep or pig, a statement that the winning player may convert the prize to a cash prize that is limited to the lesser of the market value of the animal or four thousand dollars.

412-76



APPLICATION FOR A LOCAL PERMIT OR CHARITY LOCAL PERMIT
OFFICE OF ATTORNEY GENERAL
SFN 9336 (9-2009)

Application for: Local Permit * Charity Local Permit (one event per year)

Name of Non-profit Organization NO Simmental Association		Date(s) of Activity 12-15-12 to	
Person Responsible for the Gaming Operation and the Disbursement of Net Income XXXXXXXXXXXX Luke Keller		Title	Business Phone Number 701-471-1142
Business Address 1573 co rd 136	City Mandan	State ND	Zip Code 58554
Mailing Address (if different)	City	State	Zip Code
Name of Site Where Game(s) will be Conducted Kist Livestock		Site Address 1715 40th Ave SE	
City Mandan	State ND	Zip Code 58554	County Morton
Check the Game(s) to be Conducted: *Poker, Twenty-one, and Paddiewheels may be Conducted only by a Charity Local Permit.			
<input type="checkbox"/> Bingo	<input checked="" type="checkbox"/> Raffle	<input type="checkbox"/> Calendar Raffle	<input type="checkbox"/> Sports Pool
<input type="checkbox"/> Poker *	<input type="checkbox"/> Twenty-one *	<input type="checkbox"/> Paddiewheels *	

DESCRIPTION AND RETAIL VALUE OF PRIZES TO BE AWARDED

Game Type	Description of Prize	Retail Value of Prize	Game Type	Description of Prize	Retail Value of Prize
Raffle	1 heifer	apx \$3000			
Total:					(Limit \$12,000 per year) \$ 3000

Intended uses of gaming proceeds: Organization Benefit

Does the organization presently have a state gaming license? No Yes - If "Yes," the organization is not eligible for a local permit or charity local permit and should call the Office of Attorney General at 1-800-326-9240.

Has the organization received a charity local permit from this or another city or county for the fiscal year July 1 through June 30? No Yes - If "Yes," the organization does not qualify for a local permit or charity local permit.

Has the organization received a local permit from this or another city or county for the fiscal year July 1 through June 30? No Yes - If "Yes," indicate the total value of all prizes previously awarded: \$ _____. This amount is part of the total prize limit of \$12,000 per year.

Signature of Organization's Top Executive Official Luke Keller	Date 10/18/12	Title excc.	Business Phone Number 406-599-2394
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LOCAL PERMIT OR CHARITY LOCAL PERMIT
OFFICE OF ATTORNEY GENERAL
 SFN 17926 (9-2009)

Consent No. 2ii

Type: Local Permit * Charity Local Permit

Permit Number
2012-48

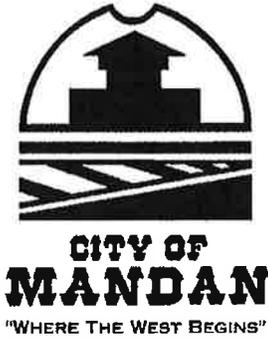
Name of Organization North Dakota Red Angus Association		Date(s) Authorized (Read instruction 2) 11/1/2012 to 12/1/2012 Beginning Ending	
Contact Person Emmy Huber	Business Phone Number (701) 685-2667		
Mailing Address 5866 76th Avenue Se	City Jud	State ND	Zip Code 58454-0000
Site Name Kist Livestock Auction	Site Address 1715 40 Avenue Se		
City Mandan	State ND	Zip Code 58554-0000	County Morton
Check the Game(s) Authorized: * Poker, Twenty-one, and Paddlewheels may be Conducted only by a Charity Local Permit.			
<input type="checkbox"/> Bingo <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Calendar Raffle <input type="checkbox"/> Sports Pool <input type="checkbox"/> Poker* <input type="checkbox"/> Twenty-one* <input type="checkbox"/> Paddlewheels*			
Restriction:			
Requirement: For a "Charity Local Permit," the organization must file a "Report on a Charity Local Permit" with the city or county auditor and Office of Attorney General within 30 days of the event.			
Date 10/26/2012	Signature of: <input checked="" type="checkbox"/> City Auditor <input type="checkbox"/> County Auditor <i>Jay Gruebele</i>	Printed Name of City or County Auditor Jay Gruebele	Auditor Telephone Number (701) 667-3250

Please see the instructions on the backside of this form on how to complete the Permit.
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cut along this line

INFORMATION REQUIRED TO BE PREPRINTED ON A STANDARD RAFFLE TICKET:

1. Name of organization;
2. Ticket number;
3. Price of the ticket, including any discounted price;
4. Prize, description of an optional prize selectable by a winning player, or option to convert a merchandise prize to a cash prize that is limited to the lesser of the value of the merchandise prize or four thousand dollars. However, if there is insufficient space on a ticket to list each minor prize that has a retail price not exceeding twenty dollars, an organization may state the total number of minor prizes and their total retail price;
5. For a licensed organization, print "office of attorney general" and license number. For an organization that has a permit, print the authorizing city or county and permit number;
6. A statement that a person is or is not required to be present at a drawing to win;
7. Date and time of the drawing or drawings and, if the winning player is to be announced later, date and time of that announcement. For a calendar raffle, if the drawings are on a same day of the week or month, print the day and time of the drawing;
8. Location and street address of the drawing;
9. If a merchandise prize requires a title transfer involving the department of transportation, a statement that a winning player is or is not liable for sales or use tax;
10. If a purchase of a ticket or winning prize is restricted to a person of minimum age, a statement that a person must be at least "___" years of age to buy a ticket, or win a prize;
11. A statement that a purchase of the ticket is not a charitable donation;
12. If a secondary prize is an unguaranteed cash or merchandise prize, a statement that the prize is not guaranteed to be won and odds of winning the prize based on numbers of chances; and
13. If a prize is live beef or dairy cattle, horse, bison, sheep or pig, a statement that the winning player may convert the prize to a cash prize that is limited to the lesser of the market value of the animal or four thousand dollars.



Board of City Commissioners

Agenda Documentation

MEETING DATE: October 31, 2012
PREPARATION DATE: October 24, 2012
SUBMITTING DEPARTMENT: Finance
DEPARTMENT DIRECTOR: Greg Welch
PRESENTER: Mike Manstrom, Dougherty & Company LLC
SUBJECT: Sale of \$5,155,000 Refunding Improvement Bonds of 2012, Series B.

PURPOSES

1. To authorize the sale of \$5,155,000 Refunding Improvement Bonds of 2012, Series B.
2. To approve the Resolution awarding the sale of warrant and bonds for Street Improvement District #161.

BACKGROUND

The sale of warrant and bonds is necessary to finance the improvements to-date for Street Improvement District #161(North Mandan Street Project).

A second Bond Sale for this Project will be required during 2013 since the construction cost alone is contracted for \$9,044,898.

ATTACHMENTS

- Estimated Funding Required
- Official Statement
- Moody's Investors Service
- Official Bid Form
- Resolution Awarding Sale of Warrant and Bonds

FISCAL IMPACT

The proceeds from the sale of warrant and bonds are summarized as follows:

- \$5,329,238.75 for legal, engineering, testing and inspection, construction, and other expenditures.
- \$195,043.64 for bonding and financing related costs.
- Less \$295,205.85 anticipated from the Mandan Public School District.
- Less \$37,038.27 from property taxes.
- Less \$37,038.27 from the City Sales Tax Fund.

The City will need to assess this Project in 2013 for certification to the County by November 1, 2013 for collection to begin in 2014. The assessment period for this Project will be 15 years to match the term of the Bonds. The interest rate on the assessments is projected to be 3.855%, no interest the first year.

STAFF IMPACT

None

LEGAL REVIEW

Steve Vogelpohl, Bond Counsel, prepared the Resolution.

RECOMMENDATION

To approve the Resolution Awarding Sale of Warrant and Bonds for Street Improvement District #161.

SUGGESTED MOTION

Move to approve the Resolution Awarding Sale of Warrant and Bonds for Street Improvement District #161.

**City of Mandan, North Dakota
Refunding Improvement Bonds 2012**

Estimated Funding Required:

	<u>Stree# 161</u>
Construction	\$4,904,260.00
Engineering	\$382,460.84
Legal	\$733.76
Testing and Inspection	\$41,509.15
Other	\$275.00
Financial Consulting	\$8,500.00
Transcript & Official Statement	\$1,500.00
Bond Counsel	\$8,700.00
Moodys Investors Service (Bond Rating)	\$11,500.00
Bond Printing & Initial Registration	\$750.00
Capitalized Interest (to be determined)	\$100,000.00
Bond Discount	\$61,680.00
Less Fed/State Funds	\$0.00
Less FEMA	\$0.00
Less School District	(\$295,205.85)
Less City Funds	(\$74,076.54)
Misc. Rounding	<u>\$2,413.64</u>
Total Bond Issue	\$5,155,000.00

New Issue/Book Entry Only

This Document does not constitute an offer to sell the Bonds in any State or other jurisdiction to any person to whom it is unlawful to make such offer in such State or jurisdiction. No dealer, salesperson, or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Bonds, and if given or made, such information or representation must not be relied upon.

NEAR FINAL OFFICIAL STATEMENT AND OFFICIAL NOTICE OF BOND SALE
(Dated October 19, 2012)

**CITY OF MANDAN
MORTON COUNTY, NORTH DAKOTA**

\$5,155,000 Refunding Improvement Bonds of 2012, Series B*

Bonds Dated: November 15, 2012
Minimum Bid: \$5,093,320.00

Principal Due: May 1, as below
Good Faith Deposit: Required of Purchaser Only

Rating has been applied for.

Interest will be payable on May 1 and November 1, commencing May 1, 2013. The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See ("Book Entry System" herein.) Starion Bond Services of Mandan, North Dakota will serve as registrar. *The City of Mandan reserves the right to adjust the issue size after bid opening by 10% in total and 10% per maturity.*

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2014	\$225,000*	2022	\$340,000*
2015	\$365,000*	2023	\$340,000*
2016	\$370,000*	2024	\$340,000*
2017	\$375,000*	2025	\$335,000*
2018	\$375,000*	2026	\$335,000*
2019	\$375,000*	2027	\$330,000*
2020	\$375,000*	2028	\$330,000*
2021	\$345,000*		

* *Bidders may aggregate the 2014-2028 maturities of the Refunding Improvement Bonds of 2012, Series B, into any combination of Term Bonds, subject to mandatory sinking fund redemption in accordance with the above schedule.*

Bonds maturing in 2021 and thereafter shall be subject to redemption and prepayment, at the option of the City on May 1, 2020, and any date thereafter, in inverse order of maturities and by lot within any maturity, at par plus accrued interest.

In the opinion of Steven L. Vogelpohl, Bond Counsel, the interest to be paid on the Bonds will not be includable in gross income of the recipient for United States or North Dakota income tax purposes (other than the privilege tax imposed on financial institutions by North Dakota Century Code, Chapter 57-35.3). Interest on the Bonds will not be treated as a preference item in calculating the federal alternative minimum taxable income of individuals and corporations (see Tax-Exemption herein). The Bonds will be designated as "qualified tax-exempt obligations" under Section 265 (b)(3) of the Internal Revenue Code of 1986.

BID OPENING:
WEDNESDAY, OCTOBER 31, 2012
10:00 A.M. CDT
BID AWARD:
WEDNESDAY, OCTOBER 31, 2012
12:00 P.M. CDT

DOUGHERTY & COMPANY LLC

PO Box 2157
Bismarck, North Dakota 58502
Telephone - 701/222-1616 Fax - 701/222-4455

MOODY'S

INVESTORS SERVICE

New Issue: Moody's assigns A1 rating to the City of Mandan's (ND) \$480,000 Refunding Improvement Bonds, Series SCG-2012 and \$5.16 million Refunding Improvement Bonds of 2012, Series B

Global Credit Research - 23 Oct 2012

A1 rating applies to \$41.4 million of post-sale GO debt

MANDAN (CITY OF) ND
Cities (including Towns, Villages and Townships)
ND

Moody's Rating

ISSUE		RATING
Refunding Improvement Bonds of 2012, Series B		A1
Sale Amount	\$5,155,000	
Expected Sale Date	11/09/12	
Rating Description	General Obligation	
Refunding Improvement Bonds, Series SCG-2012		A1
Sale Amount	\$480,000	
Expected Sale Date	11/09/12	
Rating Description	General Obligation	

Moody's Outlook

Opinion

NEW YORK, October 23, 2012 --Moody's Investors Service has assigned a A1 rating to the City of Mandan's (ND) \$480,000 Refunding Improvement Bonds, Series SCG-2012 and \$5.16 million Refunding Improvement Bonds of 2012, Series B. Concurrently, Moody's maintains the A1 rating on the city's outstanding general obligation unlimited tax debt. Post-sale, the city will have \$41.4 million of outstanding general obligation debt.

SUMMARY RATINGS RATIONALE

Debt service is expected to be paid by special assessments, however, the bonds are ultimately secured by the city's general obligation unlimited tax pledge. Proceeds of the Series B bonds will be used to fund street improvements to Street District 161 and proceeds from the Series SCG-2012 bonds will be used for sidewalk, curb and gutter improvements in the city. Assignment of the A1 rating reflects the city's moderately sized tax base favorably located adjacent to the state capital, Bismarck (general obligation rated Aa1), sound financial profile supported by healthy General Fund reserves and revenue raising flexibility, and an elevated debt burden.

STRENGTHS:

- Strong regional economy marked by low unemployment rates compared to the nation
- Healthy reserve levels with revenue raising flexibility

CHALLENGES:

- Elevated debt burden

- High level of fixed costs relative to operating expenditures

DETAILED CREDIT DISCUSSION

MODERATELY SIZED TAX BASE FAVORABLY LOCATED NEAR STATE CAPITAL BENEFITING FROM ENERGY SECTOR EXPANSION

The City of Mandan covers nearly 12 square miles and sits directly across the Missouri River from the state capital, Bismarck. Mandan's economy is agriculturally focused with some light manufacturing, commercial, and retail sectors. In contrast to national trends, the city's taxbase continues to grow, though the pace has softened. The moderately sized \$1.0 billion tax base has grown at an average annual rate of 4.3% since 2007, though grew by a slightly more modest 3.5% in 2011. During the last decade, the city annexed a significant amount of land which is now available for continued development and growth as demand arises. Despite flooding along the Missouri River in May 2011, the damage was largely contained to the levees that regulate water levels rather than to property. We expect the city's tax base to continue to increase due to its favorable location near the state capital, the presence of land for future development and the increased demand resulting from the expansion of the energy industry in the western part of the state.

In January 2012, Wal-Mart Stores Inc. (senior unsecured rating Aa2/stable outlook) announced plans to build a 150,000 square foot Super Wal-Mart in northwest Mandan which is expected to open in fall 2013 with approximately 150 employees. The store is projected to generate between \$400,000 and \$500,000 in additional sales tax revenue annually. City officials also report increased interest in retail development on the parcels of land near the proposed Wal-Mart. The city of Mandan has benefited from the expansion of the energy industry in western North Dakota, with energy companies seeking additional office space and new residential development for workers who commute to oil fields in western part of the state. The Tesoro Corporation's (senior unsecured rated Ba1/negative outlook) refinery is not within the city's tax base, but a \$35 million expansion project to increase crude oil and diesel fuel production is expected to generate 20 new jobs for the region. Building permit activity has increased dramatically, going from \$47.3 million in 2011 to approximately \$105 million year to date in 2012, reflecting the demand for both residential and commercial properties. In June 2012, the unemployment rate in Morton County at 3.4% was slightly higher than the state at 3.2%, but significantly lower than the national rate of 8.4%. The city's resident income profile tracks slightly lower than the nation with per capita income at 97% of the state and 91% of the nation and median family income at 97% of both the state and the US.

SOUND FINANCIAL OPERATIONS CHARACTERIZED BY HEALTHY AND GROWING RESERVES

We expect the city's financial profile to remain sound due to the presence of healthy reserves and revenue raising flexibility. At the close of fiscal 2010, the General Fund balance stood at \$1.7 million, or a satisfactory 23.9% of General Fund revenues. While the city's original fiscal 2011 budget included an additional draw on reserves of \$472,900, the city ended the year with an operating surplus of more than \$770,000 due to significant growth in state aid. The operating surplus increased the General Fund reserve to approximately \$2.5 million, or a healthy 30.5% of 2011 General Fund revenues. For fiscal 2012, management is anticipating a \$1.3 million operating surplus, driven by increased state aid funding as well as higher than budgeted sales tax revenues. The yearend fund balance is projected to be an ample 46% of 2011 General Fund Revenues.

The General Fund historically maintained strong liquidity, with a net cash position of \$1.5 million (21.1% of General Fund revenues) in fiscal 2010. The city's cash balance in the General Fund was depleted in fiscal 2011 for flood remediation projects for which federal reimbursements had not yet been received. Favorably, FEMA has since reimbursed the city for 90% of flood related expenditures with the State of North Dakota (issuer rated Aa1) reimbursing 7% of expenditures. Due to the timely reimbursements, the city's net cash position is projected to be close to \$3.6 million, or 44% of 2011 General Fund Revenues, at the end of fiscal 2012. The city's unreimbursed flood expenditures total less than \$250,000 out of an estimated \$5.5 million spent.

The city retains revenue generating flexibility as it currently levies approximately 20 mills below the cap allowed by its home rule charter. Property taxes are the largest source of revenue for the city and comprised 40.5% of General Fund revenues in fiscal 2011. Transfers in, which are made up of state highway tax and sales tax revenues, comprised the second highest revenue source at 26.5% of General Fund revenues followed by intergovernmental aid which accounted for 21%. Special assessment revenue is primarily used to pay debt service, which is the city's largest operating expenditure at 45.4% of operating revenues. While this is an exceptionally high proportion of spending, this high fixed cost is somewhat mitigated by the direct offset of the special assessment revenue stream. All special assessment debt is also backed by the full taxing authority of the city, which mitigates the risks posed by potential deficiencies in special assessment collections. The city notes

that it has not had to utilize this provision to support debt service in nearly two decades. The city also collects a 1% sales tax and 40% of collections are transferred to the General Fund for property tax relief. Annual sales tax revenue has been growing, with fiscal 2010 collections totaling \$1.5 million and fiscal 2011 results totaling \$1.7 million.

ELEVATED DEBT BURDEN SUPPORTED BY SPECIAL ASSESSMENTS; RAPID PRINCIPAL AMORTIZATION

At 5.8% of full valuation, the city's debt burden is significantly higher than both state and national medians. Approximately 98% of the city's general obligation debt is supported by special assessments. The city's overall debt burden, at 7.5% of full valuation, is also elevated due to borrowing by overlapping entities, including Mandan Public School District 1 (general obligation rated Aa3). At the close of fiscal 2011, the city had approximately \$5.6 million in reserves in its debt service fund resulting from prepaid assessments from property owners. Management reports limited future borrowing plans. Principal amortization is rapid with 91.6% of general obligation debt retired in ten years. All of the city's debt is fixed rate and the city is not a party to any interest rate swap agreements.

WHAT COULD CHANGE THE RATING UP:

- Significant diversification and expansion of the city's tax base and strengthening of the city's resident income profile
- Moderation of city's debt profile

WHAT COULD CHANGE THE RATING DOWN:

- Significant erosion of the district's tax base and demographic profile
- Operating deficits coupled with deterioration in General Fund reserves liquidity.

KEY STATISTICS

2010 Census population: 18,331 (9.6% increase since 2000)

2012 Full valuation: \$1.0 billion (4.3% average annual increase since 2007)

2012 Estimated full value per capita: \$54,183

2006-2010 Per Capita Income (American Community Survey 5-Year Estimates): \$24,960 (96.7% of ND; 91.3% of US)

2006-2010 Median Family Income (American Community Survey 5-Year Estimates): \$61,184 (97.2% of ND; 97.1% of US)

Morton County unemployment rate (June 2012): 3.4% (state at 3.2%; US at 8.4%)

Fiscal 2011 General Fund balance: \$2.5 million (30.5% of General Fund revenues)

Direct debt burden: 5.8%

Overall debt burden: 7.5%

Principal amortization (10 years): 91.6%

Post-sale general obligation debt: \$41.4 million

RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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Please see www.moody's.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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OFFICIAL BID FORM

CITY OF MANDAN
MORTON COUNTY, NORTH DAKOTA

\$5,155,000

Refunding Improvement Bonds of 2012, Series B*
October 31, 2012

Honorable Mayor, City Commission and City Officials
City of Mandan
Morton County, North Dakota

HONORABLE MAYOR, CITY COMMISSION AND OFFICIALS:

For the City's Refunding Improvement Bonds of 2012, Series B, dated November 15, 2012, we will pay you \$ _____, plus accrued interest to the date of delivery for Bonds paying interest on May 1, 2013, and each May 1 and November 1, thereafter, and maturing on May 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2014	\$225,000*	_____ %
2015	\$365,000*	_____ %
2016	\$370,000*	_____ %
2017	\$375,000*	_____ %
2018	\$375,000*	_____ %
2019	\$375,000*	_____ %
2020	\$375,000*	_____ %
2021	\$345,000*	_____ %
2022	\$340,000*	_____ %
2023	\$340,000*	_____ %
2024	\$340,000*	_____ %
2025	\$335,000*	_____ %
2026	\$335,000*	_____ %
2027	\$330,000*	_____ %
2028	\$330,000*	_____ %

* Bidders may aggregate the 2014-2028 maturities of the Refunding Improvement Bonds of 2012, Series B/into any combination of Term Bonds, subject to mandatory sinking fund redemption in accordance with the above schedule.

This proposal is subject to the approving legal opinion of Steven L. Vogelpohl, Attorney at Law, Bismarck, North Dakota. We understand that the said legal opinion will be provided to us without cost.

This proposal is for prompt acceptance and for anticipated delivery of said Bonds within 30 days (anticipated delivery _____, 2012.)

Respectfully,
Account Manager

By: _____
_____ (title)

Telephone : _____

Account Members on Back....

FOR INFORMATIONAL PURPOSES:
Total Net Interest Cost \$ _____
Net Effective Rate _____ %

The foregoing proposal is hereby accepted by and on behalf of the CITY OF MANDAN, MORTON COUNTY, NORTH DAKOTA, this 31st day of October, 2012.

President

ATTEST:

City Administrator

CITY OF MANDAN, MORTON COUNTY, NORTH DAKOTA

Account Members:

RESOLUTIONS #1

STEVEN L. VOGELPOHL
ATTORNEY AT LAW

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Bismarck, ND 58507-7068

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FAX: (701) 258-9854
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October 23, 2012

FAX (3 PAGES, INCLUDING THIS PAGE) TO:

Greg Welch (at 667-3223)

Re: Refunding Improvement Bonds of 2012, Series B

Dear Greg:

Transmitted is the form of Resolution Awarding Sale of Warrant and Bonds for the Commission's October 31 meeting.

I will complete the Resolution upon being provided bid information.

Thank you for your assistance and please don't hesitate to contact me if you've any questions on the above.

Sincerely,



Steven L. Vogelpohl
Attorney at Law

SLV
12-005/102312.fax

c: via fax: Malcolm H. Brown (F 224-8820)
Mike Manstrom (F 222-4455)

CITY OF MANDAN
COUNTY OF MORTON
STATE OF NORTH DAKOTA

RESOLUTION AWARDING SALE OF WARRANT AND BONDS

RECITALS

1. Pursuant to direction of the City of Mandan, North Dakota (the "Issuer") calling for bids on the sale of Issuer's \$5,155,000 Street Improvement District No. 161 Definitive Improvement Warrant (the "Warrant") to be simultaneously exchanged for \$5,155,000 Refunding Improvement Bonds of 2012, Series B (the "Bonds"), notice of such sale has been duly given.
2. At the time and place fixed for receiving such bids, such bids were received and opened, examined and declared, and thereafter considered by this the governing body of the Issuer.
3. The City Administrator announced that _____ bids had been received and found to be as follows:

<u>Name of Bidder</u>	<u>Bid for Principal</u>	<u>Interest Rates</u>	<u>Net Interest Cost</u>	<u>Net Interest Rate</u>
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See attached tabulation.

Now, therefore, the governing body of the Issuer resolves and orders:

1. All written bids received for the purchase of the Warrant and Bonds, excepting the bid herein stated, are hereby rejected, and the Warrant and Bonds are hereby sold to _____, as the best responsible and most favorable bidder therefor, the sale to be subject to all of the terms and conditions set forth in the official notice of sale of the Warrant and Bonds and in the accepted bid.
2. The President of the Board of City Commissioners and City Administrator are hereby authorized and directed to endorse an acceptance of said bid on a copy thereof, and to return such copy to the bidder.
3. The City Administrator is hereby directed to have the Warrant and Bonds printed, signed and, upon receipt of the purchase price therefor and on performance of the

conditions in the written offer, delivered, all in accordance with this resolution and subsequent resolutions setting forth the terms and form therefor.

- 4. The interest rates of the Warrant and Bonds are hereby fixed at the rates stated in the bid, a copy of which is ordered attached hereto and incorporated herein.

Adopted this 31st day of October, 2012.

CITY OF MANDAN, NORTH DAKOTA

President, Board of City Commissioners

ATTEST:

City Administrator

(S E A L)

The governing body of the political subdivision acted on the foregoing resolution on October 31, 2012, as follows:

Adoption moved by _____ Seconded by _____

"Aye" _____

"Nay" _____

Absent _____

and after vote the presiding officer declared the resolution adopted.