

Council Meeting
Tuesday, June 15, 2010
City Council Chambers
7:30 p.m.
AGENDA



Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes – June 1, 2010
2. Consent Agenda
 - Minutes
 - Utility Commission – May 26, 2010
 - Street Committee – May 18 & June 7, 2010
 - Telecommunication Commission – June 8, 2010
 - Planning Commission – June 8, 2010
3. Department Heads
4. License Applications
 - Authorization to Dispense Intoxicating Liquor – Windom Eagles Club
 - Exempt Permit – St. Francis Xavier Church
5. Public Hearings
 - Proposed Revision to Business Subsidy Policy and Criteria
 - Proposed Adoption of a Tax Abatement Program for New Vision Coop
6. Planning & Zoning - Conditional Use Request - 365 6th Ave
7. 2009 City Audit Report - Dennis Rick LTD
8. Regular Bills
9. Unfinished Business
10. New Business
11. Council Concerns
12. Adjourn



Council Meeting
Windom City Hall, Council Chamber
June 1, 2010
6:00 p.m.

1. Call to Order: The budget workshop meeting was called to order by Mayor Kruse at 6:00 p.m.

2. Roll Call: Mayor: Kirby Kruse

Council Members: Jean Fast, Corey Maricle, Robert Messer, Bradley Powers and JoAnn Ray

Council Members Absent:

City Staff Present: Steve Nasby, City Administrator; Brigitte Olson, Assistant City Administrator and Terry Glidden, Telecom

Public Present: Dirk Abraham

3. 2011 Budget – Planning and Prioritization:

Nasby said that the 2011 budgeting process would be starting in July and August at the staff level and due to the potential LGA budget cuts the City should plan on budgeting at two levels that include the 2010 level of LGA and a 50% LGA cut.

A spread sheet was provided in the Council packets for the Council to rank the 21 non-enterprise services so that an overall priority list could be used as a guide to focus the budget. The individual rankings were aggregated and the overall priorities were discussed. Using the anticipated revenue targets for 2011 Nasby showed the City Council the items that would be funded at 2010 levels. He said that the Council would have some additional flexibility to fund more services if there were reductions in the service levels for the items higher up on the priority list.

Brigitte Olson, Assistant City Administrator, was asked to review each of the funds and highlight some of the large expense items. There was discussion on a number of the individual line items relating to prior year expenses, etc.

Fast said that there are benefits to many of these services that are not able to be shown in this revenue and expense model such as the business generated by visitors that come to town for events at the Arena and Community Center.

Messer asked if the Hockey Association had said anything about operating the Arena. He thought that there was some form of partnership between the City and Hockey Association in Luverne.

Nasby said he would send out a copy of the priority sheet to everyone in the next Council packet.

Kruse said that the Council could have another budget meeting in July or August.

Kruse adjourned the budget workshop at 7:25 p.m.

Kruse called to order the regular City Council meeting at 7:30 p.m.

4. Pledge of Allegiance

5. Approval of Minutes:

Motion by Ray second by Maricle, to approve the City Council minutes from May 18, 2010. Motion carried 5 – 0.

6. Consent Agenda:

Kruse said that minutes were received from the following Boards\Commissions:

- Telecommunications Commission – May 25, 2010

Motion by Fast second by Ray, to approve the consent agenda. Motion passed 5–0.

7. Department Heads:

None

8. License Applications:

Kruse said that there were three applications from the Lion's Club for Temporary Liquor Licenses. The handout on the desk was to revise their application for July 17 as the location on the original application was incorrect. The July 17 event is to be at the Arena and not the Windom Community Center.

Motion by Maricle second by Fast, to approve a Temporary Liquor License for the Windom Lions Club for July 3, 2010 at the Windom Community Center. Motion carried 5 – 0.

Motion by Powers second by Ray, to approve a Temporary Liquor License for the Windom Lions Club for July 17, 2010 at the Windom Arena. Motion carried 5 – 0.

Motion by Maricle second by Ray, to approve a Temporary Liquor License for the Windom Lions Club for July 24, 2010 at the Windom Community Center. Motion carried 5 – 0.

9. Southwest Regional Development Commission – Presentation:

Jay Trusty, Executive Director, introduced himself to the Council. The purpose of the presentation is to inform the City Council and public on the services available from the Southwest Regional Development Commission. Trusty discussed the services which include Community Development, Transportation Planning, Economic Development, Aging and Senior Services and Housing.

10. Donation to Windom Fire Department:

Nasby said there was a promotional event at Hy-Vee celebrating the Fire Department's anniversary and a \$500 donation was made to the Windom Fire Department.

Council member Powers introduced the Resolution No. 2010-20, entitled “AUTHORIZATION TO ACCEPT A DONATION FROM HY-VEE FOR THE WINDOM FIRE DEPARTMENT” and moved its adoption. The resolution was seconded by Maricle and on roll call vote: Aye: Fast, Maricle, Messer, Powers and Ray. Nay: None. Absent: None. Resolution passed 5 – 0.

11. Regular Bills:

Motion by Messer, seconded by Ray, to approve the regular bills. Motion carried 5–0.

12. Contractor Payment:

Nasby said the contractor payment was for the 2010 seal coating project. Messer asked if the project is done. Nasby said that he understands the project to be done and the bill is for a final payment. It was completed under budget and the differences were due to a lower amount of materials, which is shown on the back side of the pay request.

Motion by Powers, seconded by Ray, to approve the contractor payment to Bituminous Paving for \$35,109.60. Motion carried 5 – 0.

13. Unfinished Business:

None

14. New Business:

None

Preliminary

15. Council Concerns:

None

16. Adjourn:

Kruse adjourned the meeting by unanimous consent

Meeting adjourned at 7:55 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

Municipal Services Planning and Prioritization Worksheet

Department	Kirby	Bob	Brad	Corey	Jean	JoAnn	Total Points	Average Points	Summary Rank	LGA, Transfer or Tax Support
Airport	13	4	0	15	8	15	42	8.40	9	\$ -
Ambulance	4	3	0	3	5	9	20	4.00	4	\$ -
Arena	19	19	0	13	19	14	65	13.00	4	\$ 159,930
Animal Control	21	20	0	19	20	21	80	16.00	21	\$ 3,600
City Offices	7	7	0	8	9	10	34	6.80	7	\$ 123,140
City Hall Building	8	15	0	18	10	11	54	10.80	14	\$ 38,800
Community Center	18	21	0	21	18	13	73	14.60	20	\$ 200,425
City Council	2	2	0	2	2	2	10	2.00	2	\$ 57,950
Economic Development Authority	10	8	0	7	14	12	51	10.20	12	\$ 119,900
Elections	1	1	0	1	1	1	5	1.00	1	\$ 6,840
Emergency Management	12	18	0	20	11	16	65	13.00	17	\$ 7,690
Fire	3	9	0	5	6	6	26	5.20	6	\$ 65,600
Health/Sanitation	11	17	0	9	7	5	38	7.60	8	\$ 1,956
Legal (general)	9	10	0	10	12	20	52	10.40	13	\$ 850
Library	16	11	0	12	15	19	57	11.40	15	\$ 150,780
Parks	15	12	0	14	17	7	50	10.00	11	\$ 165,320
Planning and Zoning	17	16	0	11	13	8	48	9.60	10	\$ 101,345
Police	5	5	0	4	3	3	15	3.00	3	\$ 806,600
Pool	20	14	0	16	21	17	68	13.60	19	\$ 37,160
Recreation	14	13	0	17	16	18	64	12.80	16	\$ 19,100
Streets	6	6	0	6	4	4	20	4.00	4	\$ 514,429

Note: Required

21 Budget Areas	Priorities 1 thru 7	Priorities 8 thru 14	Priorities 15 thru 21	Service Increase or Reduction	Tax, LGA, Transfer Support Needed	2011 Budget Target
Elections	1			\$ -	\$ 6,840	\$ 6,840
City Council	2			\$ -	\$ 57,950	\$ 57,950
Police	3			\$ -	\$ 806,600	\$ 806,600
Streets	4			\$ -	\$ 514,429	\$ 514,429
Ambulance	5			\$ -	\$ 0	\$ 0
Fire	6			\$ -	\$ 65,600	\$ 65,600
City Offices	7			\$ -	\$ 123,140	\$ 123,140
Health & Sanitation	8			\$ -	\$ 1,956	\$ 1,956
Airport	9			\$ -	\$ -	\$ -
Planning & Zoning	10			\$ -	\$ 101,345	\$ 101,345
Parks	11			\$ -	\$ 165,320	\$ 165,320
EDA	12			\$ -	\$ 119,900	\$ 119,900
Legal	13			\$ -	\$ 850	\$ 850
City Hall Building	14			\$ -	\$ 38,800	\$ 38,800
Library	15			\$ -	\$ 150,780	\$ 150,780
Recreation	16			\$ -	\$ 19,100	\$ 19,100
Emergency Management	17			\$ -	\$ 7,690	\$ 7,690
Arena	18			\$ -	\$ 159,930	\$ 159,930
Pool	19			\$ -	\$ 37,160	\$ 37,160
Comm. Center	20			\$ -	\$ 200,425	\$ 200,425
Animal Control	21			\$ -	\$ 3,600	\$ 3,600
Total				\$ -	\$ 2,581,415	\$ 2,581,415

(includes CVB lodging tax of \$25K)

\$2,000 to Funds 1 thru 21

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
May 26, 2010

Call Meeting to Order: The Utility Commission meeting was called to order at 10:00 a.m., on May 26, 2010 in the City Hall Council Chamber.

Members Present: Utility Commission Chairperson: Mike Schwalbach

Members Present: Chris Johnson, and Keith Bloomgren

Members Absent: None

City Council Liaison: Jean Fast, Absent

Steve Nasby, City Administrator; Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager and Mike Haugen, Water/Wastewater Superintendent

Others Present: Craig Mueller, Wenck Associates

APPROVE MINUTES

Motion by Johnson, seconded by Bloomgren, to approve the April 28, 2010 minutes as presented. Motion carried 3-0.

WATER WASTEWATER ITEMS

Landfill – April Test Results - Craig Mueller reviewed the Winter and Spring 2010 Sampling Event with the Utility Commission. Mueller said that samples were collected on January 28, 2010 and April 27-28, 2010. Mueller indicated that Vinyl Chloride was detected in MW5A, and MW9B, and recommends that aeration is started for the next two (2) quarters at the landfill site. Schwalbach recommends that staff notify the public that the aeration system will be turned on.

General conscientious by the Windom Utility Commission was that aeration system be turned on until after the winter sampling event.

Hwy 60 Water Main Project - Haugen informed the commission that there have been several water main breaks between 11th and 12th Street on Highway 60. Haugen said that they are in the process of re-routing the water mains from Hwy 60 to side streets in that area. Haugen requested a recommendation from the Windom Utility Commission that services on Hwy 60 that have similar situations with the water main being fed off of Hwy 60 be replaced in the 2010 construction year.

Motion by Bloomgren, seconded by Johnson to have Wenck Associates create plans and specs for the Hwy 60 Water Main Project. Motion carried 3-0.

The Windom Utility Commission decided to wait until the bills were in for 1128 2nd Avenue to determine the cost that will be passed onto that property for repairs to that service. The Commission directed staff to talk to all property owners that have water mains located on Hwy 60 to notify them of this project. Discussion on the cost to the property owners will be discussed at the next meeting.

Recommendation for Water Department Foreman – Haugen said that Kevin Stevens was the only applicant for the Water Department foreman, and was recommending the promotion of Stevens from water operator to foreman. Olson requested a clarification on the Step that Stevens will be going to in Grade 8.

Motion by Johnson, seconded by Bloomgren to promote Stevens from Water Operator to Foreman. Stevens will go to Grade 8, Step 11 on May 31, 2010 and upon a satisfactory six month probationary period advance to Grade 8, Step 12. Motion carried 3-0.

The Utility commission also asked staff to run an advertisement for a new water/wastewater operator with Class D licenses preferred in water or wastewater.

OTHER BUSINESS

Towlerton Motors Property – Haugen updated the Utility Commission on the Towlerton Motors Property. He said that at the present time Towlerton's attorneys are working with Minnesota Pollution Control Agency (MPCA), and there are no further updates available.

MN Environmental Science Economic Review Board – Haugen said that he and Glenn Lund attended the Science Economic Review Board meeting in St Cloud, MN. The major subject discussed was phosphorous.

Toxicity Test Results – Haugen said that the Toxicity test was performed and the Flathead Minnow growth test past. However the Ceriodaphnia dubia test failed. Haugen said that he has been in touch with Dan White, MPCA for their recommendations, but at this point has not had a response.

Red Rock Rural Water – Nasby said that he and Haugen had a conversation with Dominic Jones regarding water usage for Red Rock Rural Water. Jones requested that Red Rock Rural Water contract be updated. The discussion includes a minimum purchase, a reserve of an additional 20 million gallons of water per year for the next two years at a fee. The minimum purchase would be in place until 2017, which is the term of the original agreement. Along with this agreement both parties are discussing an in lieu transfer of infrastructure.

ELECTRIC ITEMS

2010 MN Legislative Wrap Up – Grunig reviewed the bills that were passed in 2010 by the Legislature, highlighting the following:

Use of Existing Right of Way for HVTL Lines – This bill requires that the PUC (Public Utilities Commission) give preference in setting high-voltage transmission lines to existing utility corridors and highway or railway right-of-way.

Disconnect Notice – Rental Customers – This bill requires utilities to post notices to tenants of a rental building if the utility has issued a final notice proposing to disconnect or discontinue service to the building because the landlord has failed to pay.

Below are the bills that Grunig highlighted that did not pass in 2010:

Public Benefit Surcharge – This bill was designed to establish feed-in-tariffs for renewable energy and a “public benefits surcharge” on all electricity sold in the state to be collected monthly by utilities and remitted to the Department of Commerce.

Nuclear Ban Repeal – This bill was to repeal a ban on new nuclear generation. After a two day debate it was withdrawn by the author.

Ratepayer Protection Act – This bill was to require the Minnesota Public Utilities Commission (MPUC) to deny certificate of need applications where applicants and energy purchasers fail to show that they could not meet demand more economically through conservation or renewable generation even if such efforts would exceed the state’s CIP and RES requirements

RES Level Set at 100% - This bill was to require 100% of electric energy sold in Minnesota to be generated from renewable sources by 2050; removed the RES off-ramps from statute beginning in 2050. This bill was not heard.

FUTURE RESOURCE OPPORTUNITIES

Grunig discussed with the Utility Commission the issues surrounding a letter of intent between Central Minnesota Power Association (CMMPA) and Heartland Consumers Power District (HCPD) and the availability of base load capacity and energy from its share of the Whelan Energy Center project located near Hastings Nebraska. Grunig said that CMMPA is interested in a Purchase Power Agreement for some capacity and energy from HCPD. This proposed agreement will have a 30 year term starting in 2016.

The possible negative issues surrounding this agreement are:

- Prohibition of Coal – as there is a coal moratorium in the State of Minnesota
- Delivery – Transmission of the energy from Nebraska to Minnesota
- Sale of Excess Capacity and Energy between 2011 to 2016 – There would be excess energy until 2016

Motion by Johnson, seconded by Bloomgren, to approve the signing of the non-binding subscription agreement for a share of the Whelan Energy Center Unit 2 from HCPD. Motion carried 3-0.

Projects Discussed – Grunig discussed a wind farm project from North Dakota that is already in production with renewable energy. The Windom Utility Commission approved a non-committal agreement for the initial involvement to purchase power through CMMPA from that wind project. With this project in its portfolio, the Windom Utilities would be compliant with MN renewable energy standard (RES) thru 2026.

NSP 55 Contract – Grunig reviewed the 5x16 Block Pricing versus the entire pricing being Time-of-Day trading, and presented an example of how the rates would be compressed to slightly increase the low rate and to slightly decrease the high rate until November 1, 2011.

Discussion by the Utility Commission was that the risk will not be that great for the 1 ½ years, however the benefits would not be high either. Therefore the Utility Commission did not act on the opportunity.

Iowa Stored Energy Project (ISEP) – Grunig provided information on ISEP and it's off peak energy storage system. This storage system will not be for renewable energy. It will be in the testing stage shortly.

Distribution Generation Guidelines Update – Grunig reviewed the Minnesota Net Billing Law with the Utility Commission. Grunig presented the Commission with diagrams that showed the Basic Distribution Generation Interconnections for wind and solar energy, and its use in typical applications for residential. Grunig reviewed the information for interconnection and incentive payments under the MN Solar Rewards program. Listed below are requirements for application to interconnect.

- Completed Interconnection Agreement
- A one-line diagram showing the installation of your system
- The one-line must clearly show your visible, lockable disconnect device and identify the protective devices
- Site plan or location plan identifying system, metering and protection locations
- A copy of the test procedure that will be used to verify the protection and operation of the system.
- Notification at least 2 weeks in advance of testing, and the right to witness the commission testing.

- A copy of the certified test report verifying the test procedure was successful
- Proof of insurance per the Interconnection Agreement.

“CIP” money may be rebated for this conservation method, however proof has to be given that “CIP” money is the main reason that this energy conservation is utilized. These “CIP” dollars are a one time allotment.

Monitor Power – Grunig presented the Commission with a load history of May 24, 2010. This download showed that Windom Utilities was located in the right place to receive a negative rate for that day.

CAPX Attachment O Filing – Grunig said that the CAPX Attachment O Filing is now complete and the City of Windom will be receiving \$30,000 per year for tariff recovery annually.

REGULAR BILLS

Motion by Bloomgren, seconded by Johnson, to approve the bill to Wenck Associates in the amount of \$2,893.72. Motion carried 3-0.

Old Business

None

New Business

None

On motion the meeting was adjourned at 1:15 p.m.

Mike Schwalbach, Chairperson

Attest: _____
Brigitte Olson, Assistant City Administrator

**STREET DEPARTMENT COMMITTEE
MINUTES MAY 18, 2010**

Call to Order: The meeting was called to order at 5:30 pm in City Hall

Members Attending: Committee Member: Brad Powers, JoAnn Ray

City Staff Present: Street Superintendent Bruce Caldwell, Steve Nasby City Administrator

Public: None

Discussion Item: Street/Park Department Foreman Position

The committee reviewed the three applicants for the vacated Foreman's position. The committee unanimously agreed to promote Barry Marcy as foreman with a list of mandatory guidelines and responsibilities which he needs to agree to perform. After signing the agreement it will be in effect May 31, 2010.

Pay Rate as Follows: 2010 IBEW Union Scale Grade 7, Step 11 \$18.65 per/hr.
6 Month Probationary Period, completion date November 30, 2010. Following a satisfactory performance review at that time move to Grade 7, Step 12 Rate \$19.29 per/hour.

Meeting adjourned at 6:00 P.M.

**STREET DEPARTMENT COMMITTEE
MINUTES JUNE 7, 2010**

Call to Order: The meeting was called to order at 5:30 pm in City Hall

Members Attending: Brad Powers and JoAnn Ray

City Staff Present: Street Superintendent Bruce Caldwell & Steve Nasby, City Administrator

Public: None

Discussion Items:

- a. Street/Park Department Full Time Staff Position Applications
The committee reviewed the applications and information from the five interviews that Caldwell and Department Foreman Barry Marcy held. Caldwell noted that one of the interviewees withdrew from consideration. Two candidates ranked highly based on the scoring sheets. He recommended offering the position to the top candidate with the most experience.

The committee unanimously agreed to offer the position contingent upon a successful completion of the mandatory CDL pre-employment testing and a driver's license check.

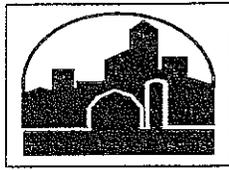
Union Contract 2010 Maintenance Worker (MNTC WKR) Grade 6, starting pay Step 1 at \$14.37/hour. After the completion of the probationary period and a satisfactory performance review move to Step 2.

- b. Request for loading/Unloading sign at 741 4th ave for Day Care Provider.
Shawn King property owner stated that their customers have to park on the west side of 4th ave across the street from their property to load and unload children. The east side of 4th ave is posted No Parking. They have concerns about the safety of the kids crossing the busy street. Mr. King said they would like to get permission to post loading/unloading zone in front of their residence. Mr. King talked to Police Chief Shirkey about the issue. According to Mr. King Shirkey said he didn't have a problem with them dropping off kids on the east side of 4th ave as long as it's posted a 5-10 minute zone only and no one parks their for longer periods.

The committee unanimously agreed that they didn't want to permit parking on the posted no parking side of the street which could create additional traffic hazards. Mr. King's does have the option to use the alley on the north side of their property to load unload the children and they also have a parking area directly behind their residence that could be used as well.

Request Denied.

Meeting adjourned at 6:10 P.M.



City of Windom
Windom, Minnesota

Application

For Authorization to Dispense Intoxicating Liquor

To the Windom City Council :

The undersigned hereby applies for authorization to dispense intoxicating liquor on City owned property during a City sponsored event in the City of Windom in accordance with the information given below, City of Windom Code Chapter 5 and Minnesota Statute 340A.404:

Location of Event Windom Community Center

Date of Event June 19

Hours 5:00 PM - 12:00 AM

Type of Event Wedding Dance
Windom Eagle Club - FOG 3891
Scholar Wedding Dance

Name of Individual/Organization

Tony Schuman
Licensee Officers Signature

821 4th Ave
Street Address

Windom MN 56101

City State

507-831-3891

Telephone Number

Application Approved Disapproved

this _____ day of _____, 20____.

City Administrator

License Fee - None \$0.00

- Copy of On-sale license attached
- Proof of insurance attached
- City named as additional insured
- Licensee has signed the Hold Harmless Agreement

Hold Harmless and Indemnification Agreement

IN CONSIDERATION OF authorization by the Windom City Council to dispense intoxicating liquor on City-owned property or during a City sponsored event, the undersigned licensee hereby agrees to hold harmless the City of Windom, its employees and its agents, from any and all claims for any damages whatsoever arising out of the licensee providing intoxicating liquor under said authorization on the 19 day of June, 2010. Further, the undersigned licensee agrees to indemnify the City of Windom for any such claims for damages whatsoever arising out of licensee's dispensing of said intoxicating liquor, including the reimbursement of the City of Windom's costs and disbursements, including reasonable attorneys' fees in defending any such action for claims and damages.

Tony Schuman
Licensee Officers Signature

June 3, 2010
Date

Telecommunication Commission Minutes
June 8th, 2010

1. Call to Order:

Wendell Woodcock call the meeting to order.

2. Roll Call:

Commission Members Present: Wendell Woodcock, Robert Messer, Virgil Meier, Forrest Fosheim, Corey Maricle

Commission Members Absent: None

City Staff Present: Dan Olsen, Londa Fosheim, Steve Nasby

Public Present: None

3. Southwest Minnesota Broadband Services. Letter of Intent:

RUS trying to rush to get money sent out now. In Conversations with SWMBS yesterday we feel that we should just move directly to a contract for service. The LOI was initially needed for RUS. Will begin negotiations with SWMBS.

4. Selection of engineering firm for capacity, financial and labor analysis:

We will need to select a firm to prepare a engineering capacity, financial and labor analysis. Steve ahs talked with Ehlers about refinancing current bond. Ehlers is requesting a new pro-forma.

Bob made a motion for Dan to search and get estimates for analysis . Forrest 2nd the motion

All in favor 5; Apposed 0.

5. Budget amendment for Stimulus Project:

Will need to get budget amendment letter after estimates come in. Capitol costs-how to pay for it. When we know total cost a package will need to be put together fro council approval

6. Commissioners Concerns:

5 to 8 days to get an install right now. Techs very busy , trying to catch up. Replaced damaged PED.

ADARA switch out scheduled for June 16th . Working on billing system issues yet.

Satellite made it past 1st crash, now heading toward 2 more satellites.

Off airs, firmware shipped. Sending patch to fix off air channel issues.

7. Next Meeting:

July 13th 11:30am Council Chambers

8. Adjourn:

Wendell adjourned the meeting

**CITY OF WINDOM
PLANNING COMMISSION
MINUTES
JUNE 8, 2010**

1. Call to Order: The meeting was called to order by Chairman Hunter at 7:00 p.m.

2. Roll Call & Guest Introductions:

Planning Commission: Loie Grandprey, Greg Holt, Gary Hunter, Greg Pfeffer,
Marilyn Wahl, and Brad Powers (Council Liaison).

Absent: Lindsey Cartwright, Renee Giefer, and Tim Hacker.

Also Present: Planning/Zoning Staff-James Kartes (Zoning Administrator), Mary Hensen (Adm. Asst.).

Public Present: None.

3. Approval of Minutes:

Motion by Commissioner Wahl, seconded by Commissioner Pfeffer, to approve the Planning Commission Minutes for the meeting held on January 26, 2010. Motion carried 5-0.

4. Public Hearing – 7:05 P.M.: Conditional Use Permit – Accessory Buildings – 365 Sixth Avenue - (Applicants/Owners: Mark & Donna Marcy):

Chairman Hunter opened the public hearing at 7:05 p.m.

The Commission had received copies of the application, site plan, and photographs of the property. Zoning Administrator Jim Kartes advised that Mark and Donna Marcy are requesting a conditional use permit to allow the construction of a 12' X 16' garden shed/playhouse in the back yard and the construction of a 25' X 46' attached garage. There will be a breezeway between the new garage and the existing garage. Their plans are to convert the existing garage into a family room and to remove the existing driveway. Section 11.43, Subd. 3 provides that for lots from 12,000 square feet to 20,000 square feet, the total floor area of any garage(s) and accessory buildings may not exceed 1,150 square feet. The Applicants own two adjoining lots and the square footage of their property is 19,600. The total floor area of the proposed new garage and proposed new garden shed would be 1,342 square feet (if the existing garage of 676 square feet is converted into living space) which is 192 square feet more than the maximum allowed by the Code. The proposed new driveway will be 35 feet in width. Zoning Administrator Kartes spoke with Street Department Superintendent Bruce Caldwell who approved the width of the proposed new driveway. No comments from anyone expressing opposition had been received by the Zoning Office. Marcys were unable to attend the public hearing due to other work commitments.

No one from the public was in attendance at the public hearing. All public testimony was completed and Chairman Hunter closed the public hearing and referred the matter to the Planning Commission for consideration at 7:14 p.m. After a brief discussion, the following action was taken.

Motion by Commissioner Grandprey, seconded by Commissioner Wahl, and carried to recommend to the City Council the approval of the conditional use permit application, submitted by Mark and Donna (Duis) Marcy, to allow the construction of a 12' X 16' garden shed/playhouse and a new 25' X 46' attached garage on property situated in an R-2 District, subject to the following conditions: (1) Following construction of the new

garage, the property owners shall have the period of one year to close up the existing 26' X 26' garage and remove the concrete driveway to the existing garage. The property is located at 365 Sixth Avenue and is described as: Lots 7 and 8, Block 1, Riverbluff Estates Subdivision to the City of Windom, Cottonwood County, Minnesota. (Parcel Nos. 25-688-0070 and 25-688-0080)

The motion includes that the jurisdictional documents and the findings of fact be made a part of the hearing record.

Findings of Fact:

1. As stated in the narrative herein.
2. That the proposed use is not in conflict with the Comprehensive Plan.
3. That the proposed use is not in conflict with the stated intent of the Zoning District in which it is to be located.
4. That the proposed use will not unreasonably harm the public health, safety, and welfare, create a nuisance, or create unreasonable congestion injurious to nearby properties.
5. That the proposed use does not interfere with the creation of a beneficial environment within its own property boundaries and on adjoining properties.
6. That the proposed use will not interfere with the provision of a reasonable economic benefit to the community.
7. That the provisions for interrelationship between the proposed development and contiguous and noncontiguous adjacent properties will not adversely affect pedestrian and vehicular movement and will not adversely affect the buffering of the service facilities and parking areas.

Motion was declared carried (5-0).

Chairman Hunter advised that these recommendations will now come before the Windom City Council at its meeting next Tuesday night, June 15, 2010; and the Council will make the final decision concerning this application.

5. New Business: Commissioner Greg Holt announced that he and his family have moved out of city limits and he will be submitting a letter of resignation from the Planning Commission to Mayor Kruse. Chairman Hunter, Zoning Administrator Kartes, and the Commissioners thanked Greg Holt for his service on the Planning Commission.
6. Planning Commission Comments, Concerns, Suggestions: The Planning Commission briefly discussed the spring cleanup which occurred in May.
7. Adjourn: On motion, Chairman Hunter adjourned the meeting at 7:28 p.m.

Gary Hunter, Chairman

Attest: _____
James Kartes, Zoning Administrator

Minnesota Lawful Gambling
LG220 Application for Exempt Permit

An exempt permit may be issued to a nonprofit organization that:
 - conducts lawful gambling on five or fewer days, and
 - awards less than \$50,000 in prizes during a calendar year.

Application fee for each event If application postmarked or received:	
less than 30 days before the event \$100	more than 30 days before the event \$50

ORGANIZATION INFORMATION Check # _____ \$ _____

Organization name **St. Francis Xavier Church** Previous gambling permit number **17001**

Type of nonprofit organization. Check one.
 Fraternal Religious Veterans Other nonprofit organization

Mailing address **548 17th Street** City **Windom** State **Mn** Zip Code **56101** County **Cottonwood**

Name of chief executive officer (CEO) **Rev. Russell Scepaniak** Daytime phone number **507-831-3300** Email address **stfxavier@msn.com**

Attach a copy of ONE of the following for proof of nonprofit status. Check one.

- Do not attach a sales tax exempt status or federal ID employer numbers as they are not proof of nonprofit status.
- Nonprofit Articles of Incorporation OR a current Certificate of Good Standing.
 Don't have a copy? This certificate must be obtained each year from:
 Secretary of State, Business Services Div., 180 State Office Building, St. Paul, MN 55155 Phone: 651-296-2803
 - IRS income tax exemption [501(c)] letter in your organization's name.
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS at 877-829-5500.
 - IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)
 If your organization falls under a parent organization, attach copies of both of the following:
 a. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling, and
 b. the charter or letter from your parent organization recognizing your organization as a subordinate.
 - IRS - proof previously submitted to Gambling Control Board
 If you previously submitted proof of nonprofit status from the IRS, no attachment is required.

GAMBLING PREMISES INFORMATION

Name of premises where gambling activity will be conducted (for raffles, list the site where the drawing will take place)
St. Francis Xavier Church Education Wing

Address (do not use PO box) **532 17th Street** City **Windom** Zip Code **56101** County **Cottonwood**

Date(s) of activity (for raffles, indicate the date of the drawing)
September 19, 2010

Check the box or boxes that indicate the type of gambling activity your organization will conduct:
 Bingo* Raffles Paddlewheels* Pull-Tabs* Tipboards*

* Gambling equipment for pull-tabs, bingo paper, tipboards, and paddlewheels must be obtained from a distributor licensed by the Gambling Control Board. EXCEPTION: Bingo hard cards and bingo number selection devices may be borrowed from another organization authorized to conduct bingo.

To find a licensed distributor, go to www.gcb.state.mn.us and click on List of Licensed Distributors, or call 651-639-4076.

Also complete
 Page 2 of this form.

Print Form

Reset Form

LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT

If the gambling premises is within city limits, a city official must check the action that the city is taking on this application and sign the application.

- The application is acknowledged with no waiting period.
- The application is acknowledged with a 30 day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).
- The application is denied.

Print city name _____
 On behalf of the city, I acknowledge this application.

Signature of city official receiving application

Title _____ Date ____ / ____ / ____

If the gambling premises is located in a township, a county official must check the action that the county is taking on this application and sign the application.
 A township official is not required to sign the application.

- The application is acknowledged with no waiting period.
- The application is acknowledged with a 30 day waiting period, and allows the Board to issue a permit after 30 days.
- The application is denied.

Print county name _____
 On behalf of the county, I acknowledge this application.
 Signature of county official receiving application

Title _____ Date ____ / ____ / ____

(Optional) TOWNSHIP: On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within township limits. [A township has no statutory authority to approve or deny an application [Minnesota Statute 349.166]]

Print township name _____

Signature of township official acknowledging application

Title _____ Date ____ / ____ / ____

CHIEF EXECUTIVE OFFICER'S SIGNATURE

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the date of our gambling activity.

Chief executive officer's signature *[Handwritten Signature]* Date *6/2/10*

Complete a separate application for each gambling activity:

- one day of gambling activity,
- two or more consecutive days of gambling activity,
- each day a raffle drawing is held

Send application with:

- a copy of your proof of nonprofit status, and
- application fee for each event.

Make check payable to "State of Minnesota."

To: Gambling Control Board
 1711 West County Road B, Suite 300 South
 Roseville, MN 55113

Financial report and recordkeeping required

A financial report form and instructions will be sent with your permit, or use the online fill-in form available at www.gcb.state.mn.us. Within 30 days of the activity date, complete and return the financial report form to the Gambling Control Board.

Questions?

Call the Licensing Section of the Gambling Control Board at 651-639-4076.

Print Form

Reset Form

This form will be made available in alternative format (i.e. large print, Braille) upon request.
Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information requested; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If you supply the information requested,

the Board will be able to process your organization's application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data are available to: Board members, Board staff whose work requires access to the

information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this Notice was given; and anyone with your written consent.



City of Windom Staff Report

To: Mayor and Windom City Council
From: Aaron Backman, EDA Executive Director
Date: June 11, 2010
Council Meeting Date: June 15, 2010
Item Title/Subject: PUBLIC HEARING – REVISED BUSINESS SUBSIDY POLICY & CRITERIA

Background:

The EDA and the City adopted a revised Business Subsidy Policy and Criteria in 2004. Since that time the Minnesota Legislature has adopted changes which affect business subsidies. It is necessary that the City's current Business Subsidy Policy and Criteria be updated to reflect these legislative changes.

At its meeting on May 18, 2010, the City Council authorized EDA Staff to work with Ehlers & Associates and Robert Dieke, a Twin Cities' attorney, to prepare the required revisions to the Business Subsidy Policy and Criteria in accordance with Minnesota Statutes, Sections 116J.993 through 116J.995. Attached for your review is the Business Subsidy Policy and Criteria for the City of Windom and the Economic Development Authority of Windom revised in 2010.

Also at its meeting on May 18, 2010, the City Council called for a Public Hearing on the revised business subsidy policy and criteria to be held on Tuesday, June 15th, at the City Council Meeting. Notice has been published in the newspaper as required.

The EDA will also be holding a public hearing on Monday, June 14th, concerning the adoption of the revised business subsidy policy and criteria.

Attached for your review is a proposed resolution entitled "Resolution Approving Revised Business Subsidy Policy and Criteria".

I will be present at the City Council Meeting on June 15, 2010, to answer any additional questions you may have concerning the revised policy and criteria.

Requested Action: Adopt the Resolution approving the revised Business Subsidy Policy and Criteria.

Respectfully submitted,

Aaron A. Backman, EDA Executive Director

**CITY OF WINDOM, MINNESOTA
PUBLIC HEARING NOTICE**

Notice is hereby given that the City Council of the City of Windom (the "City Council") will hold a public hearing, pursuant to Minnesota law, concerning the adoption of revised criteria and a revision of the policy for granting business subsidies, pursuant to Sections 116J.993 through 116J.995 of the Minnesota Statutes. **The public hearing will be held in the City Council Chambers at City Hall, 444 Ninth Street, Windom, Minnesota, on Tuesday, June 15, 2010, during the regular City Council Meeting which begins at 7:30 p.m.**

Members of the public may review a copy of the proposed revised criteria and the revised business subsidy policy, prior to the public hearing, at the Office of the Economic Development Authority of Windom in the Windom City Hall at 444 9th Street, Windom, Minnesota.

At the public hearing, all interested parties may appear and express their comments, either orally or in writing, for consideration by the City Council. Following the public hearing, the City Council will take action concerning the adoption or rejection of the proposed revised criteria and revised business subsidy policy.

BY ORDER OF THE WINDOM CITY COUNCIL

Steven Nasby, City Administrator/City Clerk
444 9th Street
P. O. Box 38
Windom, MN 56101
Phone: 507-831-6129

Published: June 2, 2010 (COTTONWOOD COUNTY CITIZEN)

*CITY OF WINDOM
AND
ECONOMIC DEVELOPMENT AUTHORITY OF WINDOM
BUSINESS SUBSIDY POLICY AND CRITERIA*

Preamble. Whenever the City of Windom and/or Economic Development Authority of Windom invest public funds or agree to voluntarily forfeit tax or other revenues that benefit private development projects, those projects should create the greatest number of jobs possible that pay a living wage for the residents of Windom and the surrounding region. Windom policy makers and economic development agents must keep the critical need for living wage FTE jobs the priority whenever public dollars are invested in a private business or development project.

Business Subsidy Public Purpose. The public purposes of this policy shall be to accomplish the following on behalf of the City of Windom and the Economic Development Authority of Windom:

1. Enhance economic growth in this area
2. Create high quality job growth in this area
3. Retain high quality jobs in this area
4. Stabilize the community
5. Increase student school enrollment
6. Increase the need for new housing
7. Create a greater demand for goods and services
8. Construct new and refurbish old buildings

This policy is adopted in compliance with M.S. §116J.994 Subd.2. A copy of the policy shall be submitted to the Department of Employment and Economic Development along with the first annual Business Subsidy report.

Principles of Business Subsidy Implementation. The City of Windom and Economic Development Authority of Windom shall target their business subsidy assistance to businesses that demonstrate a clear and ongoing commitment to the community by providing living wage jobs to their employees and to City residents, where applicable, by giving priority to those businesses over businesses that have not traditionally paid living wages.

The City of Windom and Economic Development Authority of Windom shall focus their business subsidy assistance only to businesses which agree to comply with annual business subsidy reporting requirements as required by Job Opportunity Building Zone (JOBZ) statute M.S. §§469.310-469.320, and/or as required by the Business Subsidy statute M.S. §§116J.993-116J.995.

I. DEFINITIONS

"Authorized Business Subsidy Signatory" means the President and Secretary/Treasurer of the Economic Development Authority of Windom who are authorized by this Policy to execute business subsidy agreements on behalf of the City of Windom and Economic Development Authority of Windom.

"JOBZ Business Subsidy" means tax exemptions or tax credits available to a qualified business located in a job zone under the Job Opportunity Building Zone (JOBZ) statute M.S. §§469.310-469.320.

JOBZ Business Subsidies shall include:

1. Exemption from individual income taxes as provided under M.S. §469.316; and
2. Exemption from corporate franchise taxes as provided under M.S. §469.317; and
3. Exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in M.S. §297A.68, subdivision 37; and
4. Exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under M.S. §297B.03; and
5. Exemption from the property tax as provided in M.S. §272.02., subdivision 64; and
6. Exemption from the wind energy production tax under M.S. §272.029, subdivision 7; and
7. The jobs credit allowed under M.S. §469.318.

"Business Subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business, and as defined by the Business Subsidy statute M.S. §§116J.993-116J.995. Business subsidies shall include, but not be limited to:

1. Loan
2. Grant
3. Tax abatement
4. Tax Increment Financing or other tax reduction or deferral
5. Guarantee of payment
6. Contribution of property or infrastructure
7. Preferential use of governmental facilities
8. Land contribution

9. Other specified subsidy.

Business subsidies do not include the following:

1. Assistance of less than \$150,000.
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as size, location or similar general criteria;
3. Public improvements to buildings or lands owned by the City and that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants being redeveloped as defined in M.S. §116J.552, Subd. 3.
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance to designated historic preservation sites or districts, provided that the assistance is equal to or less than 50% of the total cost of the development;
6. Assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under M.S. §469.174, subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;
11. Workers compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under M.S., Chapter 474A, bonds issued to refund outstanding bonds and bonds issued for the benefit of an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under M.S. §469.174, subd.19;
17. Redevelopment when the Recipient's or Qualified Business' investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to and reinvested by the state or local governmental unit;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans or loan guarantees of \$150,000 or less;
22. Federal loan funds provided through the U.S. Department of Commerce, Economic Development Administration; and
23. Property tax abatements granted under Section 469.1813 to property that is subject to valuation under Minnesota Rules, Chapter 8100.

"Business Subsidy Report" means the annual reports submitted each year for each business receiving a business subsidy in the community. The report is submitted by the LGU in order to comply with M.S. §116J.994 Subd. 7(b).

"Criteria" means the equitably applied, uniform standards by which the City of Windom and or Economic Development Authority of Windom bases its decision to award any business subsidy to a private business or development project establishing a business and creating jobs in the City of Windom.

"DEED" means the Minnesota Department of Employment and Economic Development.

"Economic Development Agent" means the city department, local or regional economic development agency or other authorized entity that is empowered to solicit, negotiate, and form business subsidy agreements on behalf of the City of Windom. The Economic Development Agent for the City of Windom shall be the Economic Development Authority of Windom, hereinafter "Agent."

"Health Insurance" means basic health insurance for employees.

"Living Wage Job" shall mean a job which pays wages and health care benefits that total at least the rate of \$9.75 per hour.

"Local Governmental Unit", hereinafter "LGU", means a statutory or home rule charter city, county, town, iron range resources and rehabilitation agency, regional development commission.

"Operation Start Date" shall mean the date by which the business begins operations in the zone as evidenced by constructing a facility or relocating to an existing building in a facility and beginning revenue generating operations and/or hiring employees.

"Qualified Business" means a "Recipient" as defined by Business Subsidy Law and may also mean a person(s) who carries on a trade or business at a place of business located within a Job Opportunity Building Zone (JOBZ) as referenced in M.S. §469.310, Subd. 11 and complies with the reporting requirements specified by M.S. §469.320, Subd. 1. Any qualified business shall comply with the criteria in Section II of this policy. A qualified business shall not include a retail

business, a low-wage service business, an agricultural production business, or a business that pays less than the living wage defined in this agreement.

"Recipient" means any business entity that receives a business subsidy as defined by M.S. §116J.993, and that has signed a Business Subsidy Agreement with a city.

"Relocating Business" means a business relocating from another Minnesota non-JOB Zone location.

"Relocation Agreement" means a binding written agreement between a relocating Qualified Business and the Commissioner of DEED pledging that the Qualified Business shall either: (a) increase full-time or full-time equivalent employment in the first full year of operation within the job opportunity building zone by at least 20 percent, or (b) make a capital investment on the property equivalent to 10% of the gross revenues for the preceding taxable year for the operation that was relocated; and provides for repayment of all tax benefits if the requirements of (a) or (b) are not met.

"Subzone" means the parcel or parcels of land within the boundaries of Windom designated by the Commissioner of Employment and Economic Development as a Job Opportunity Building Zone(s) for the purpose of receiving certain tax credits and exemptions specified under M.S. §§469.310-469.320.

"Zone" means a Job Opportunity Building Zone or an Agricultural Processing Facility Zone designated by the Commissioner of Employment and Economic Development under M.S. §469.314.

II. BUSINESS SUBSIDY REQUIREMENTS

A. Business Subsidy Policies. The City of Windom and Economic Development Authority of Windom adopts the following:

1. Any time the City of Windom or Economic Development Authority of Windom provides a business subsidy to a Qualified Business or Recipient, that business is subject to the wage levels, job creation and other criteria set forth in this policy and specified in the Business Subsidy Agreement made with the LGU. In the event of a conflict between the requirements of the Business Subsidy statute M.S. §§116J.993-116J.995 and the JOBZ statute M.S. §§ 469.310-469.320, the JOBZ statute shall supersede.
2. The recipient, in the case of a quantifiable non-JOBZ business subsidy, shall create and retain at least one full-time living wage job paying \$9.75 per hour including employer paid basic health insurance benefits for each \$25,000 of business subsidy received. These jobs shall be created not later than two years from the operating start date of the business or two (2) years from the benefit qualifying date of the business, whichever comes later.
3. The Qualified Business, in the case of a currently non-quantifiable JOBZ business subsidy, must create and retain for the period of the Job Zone duration at least one full-time living wage job paying \$9.75 per hour including employer paid basic health insurance benefits for every \$20,000 of the total estimated value of all tax exemptions and credits the business anticipates receiving. These jobs shall be created not later than two (2) years from the operating start date of the business or two (2) years from the benefit qualifying date of the business, whichever comes later.

4. The Qualified Business shall be identified in the Business Subsidy Agreement as a:
 - a. Trade or business located in and operating in a JOBZ or APF Zone at the time of Zone designation;
 - b. New trade or business start-up located within the subzone;
 - c. Business expanding in the subzone which is a business that maintains its current operations in its current location and is expanding its operations *and* its payroll within the City of Windom subzone;
 - d. A business relocating from another state;
 - e. A business relocating from another Minnesota non-Zone location.

5. The City of Windom authorizes the President and Secretary Treasurer of the Economic Development Authority of Windom, as representative of the city, to act as its Authorized Business Subsidy signatories to execute business subsidy agreements on behalf of the City of Windom.

6. The City of Windom authorizes the Economic Development Authority of Windom and its Executive Director to act as its Economic Development Agent for purposes of marketing, initiating and negotiating Business Subsidy Agreements on its behalf.

8. Requirements of Businesses. The City of Windom and Economic Development Authority of Windom shall require all businesses receiving a business subsidy to comply with the following:
 - a. The business shall attend a properly noticed public hearing to be held by the City of Windom, as provided by M.S. §116J.994, when the value of the subsidy does or is expected to exceed \$150,000. The purpose of the hearing shall be to identify and define the criteria that the qualified business or recipient shall meet in order to be eligible to receive a business subsidy or become a Qualified Business for purposes of the JOBZ statute. The hearing shall specify the subsidy provided, specify the public purpose(s) that shall be achieved by offering the subsidy, and shall specify the measurable, specific, and tangible goals committed to by the Qualified Business.

 - b. As provided by M.S. §116J.994, Subd. 5., a public notice shall be published in print at least 10 days prior to the hearing, identifying the location, date, time, and place of the hearing, and providing information about the business subsidy proposed, including a summary of the terms of the subsidy.

 - c. If the business is qualified to receive JOBZ tax benefits, the business shall agree to continue to operate in the jurisdiction where the subsidy is used (the subzone) for the duration of the job zone term.

 - d. If the qualified business or recipient is a relocating business under the definition in this policy, the business shall be required to enter into a binding written Relocation Agreement between the qualified business and the Commissioner of DEED pledging that the qualified relocating business shall:
 - (1) Commit to signing a Relocation Agreement with DEED; and
 - (2) Reduce employment at the non-Zone location starting one year before and ending one year after beginning operations in the Zone where its employees in the Zone are engaged

in the same line of business as the employees at the location where it reduced employment; and

(3) Increase full time employment by 20% (measured relative to the operations that were relocated) within the first full taxable year of operation within the Zone and maintain the required level of employment during each year of zone designation; or

(4) Make a capital investment in the Zone equivalent to at least 10% of gross revenues for the taxable year immediately preceding relocation to the Zone.

e. The business shall identify an operation start date when business operations for the proposed qualified business are planned to begin in the zone. The date when business operations begin is called the "operations start date."

9. The City of Windom and Economic Development Authority of Windom may deviate from wage and job criteria in Section II by documenting the reason in writing for the deviation and attaching a copy to the next annual Business Subsidy Report submitted to DEED.

EFFECTIVE DATE _____

RESOLUTION # 2010-

INTRODUCED:

SECONDED:

VOTED: Aye:
 Nay:
 Absent:

CITY OF WINDOM

**RESOLUTION APPROVING REVISED BUSINESS SUBSIDY
POLICY AND CRITERIA**

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Act"), governmental subdivisions that grant business subsidies, as defined in the Act, are required prior to granting any such business subsidies to adopt business subsidy criteria and a business subsidy policy; and

WHEREAS, the City adopted a business subsidy policy and criteria in 1999 and amended the policy and criteria in 2003 and 2004; and

WHEREAS, new legislation concerning the granting of business subsidies requires revision of the business subsidy policy and criteria; and

WHEREAS, a copy of the proposed revised business subsidy policy and criteria has been prepared and presented to the Windom City Council for consideration; and

WHEREAS, the City Council held a public hearing on June 15, 2010, concerning said revised business subsidy policy and criteria, as required by law, and has considered all comments made at the public hearing; and

WHEREAS, the City Council has determined that adoption of the proposed revised Business Subsidy Policy and Criteria is in the best interests of the City of Windom and satisfies the legal requirements of the Act and Minnesota Statutes relating to JOBZ.

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

The revised Business Subsidy Policy and Criteria, as presented to the City Council, are hereby approved.

Adopted this 15th day of June, 2010.

Kirby G. Kruse, Mayor

ATTEST: _____
Steven Nasby, City Clerk/City Administrator



City of Windom Staff Report

To: Mayor and Windom City Council
From: Aaron Backman, EDA Executive Director
Date: June 11, 2010
Council Meeting Date: June 15, 2010
Item Title/Subject: **ESTABLISHMENT OF TAX ABATEMENT PROGRAM AND
AWARDING OF BUSINESS SUBSIDY**

Background:

The Windom EDA and the City received a request from New Vision Cooperative for the establishment of a Tax Abatement Program, pursuant to Minnesota Statutes Sections 469.1812 through 469.1815, concerning expanding its feed mill/elevator operations in Windom.

New Vision Cooperative is planning to redevelop and expand its facilities at 125 16th Street in three phases. Phases I and II are proposed for the tax abatement program. Phase I includes the removal of three steel grain bins and the grain dryer. Proposed new construction for Phase I includes a 245,000 bushel steel grain bin, a new truck scale, and a new grain dryer. Phase II construction includes excavation and the installation of another 245,000 bushel steel grain bin. The estimated costs for demolition and site preparation, together with the estimated costs for installation of the new bins and grain dryer, are listed on the attached recap ("Windom Site Development for 125 16th Street").

The proposed tax abatement for this project would cover only the additional taxes generated by the Phase I and II improvements and specifically the grain bins. It is estimated that the taxable values of the new grain bins will be \$641,900. (The grain dryer and connecting equipment are considered as personal property and are not included in the calculations of taxable property.) The property taxes which New Vision Cooperative is currently paying would not be affected by the proposed tax abatement.

Pursuant to Minnesota Statutes, only the demolition and site preparation costs would be eligible for tax abatement. (The costs for the new bins and equipment are not eligible for tax abatement.) It is estimated that the demolition and site preparation costs will be approximately \$70,000. Attached are Base Values, Project Assumptions, Tax Calculations, and Abatement Projections prepared by Todd Hagen of Ehlers & Associates, Inc., the EDA's financial advisor. Based on the current project schedule and current tax rates, New Vision Cooperative would recoup the full \$70,000 in demolition and site preparation costs in six and one-half years. It is anticipated that New Vision Cooperative would recoup approximately \$52,000+ of such costs in five years depending on the time schedule for completion of Phase II of the project. These projections have been prepared based on approval of tax abatement by the City and County and exclusion of the School District in the calculations.

The proportionate shares of abatement for the City and County have been calculated based on the percentage of the City's and County's shares of the tax rate. The City's tax rate is 78.3650% and the County's tax rate is 37.2310% of the combined tax rate. If Phase I is completed in 2010 and Phase II is completed in 2012, the estimated abatement for the City would be \$35,540 and the estimated abatement for the County would be \$16,885. If Phase II is completed in 2011, then the City's estimated abatement would be \$39,983 and the County's estimated abatement would be \$18,996. However, it should be noted that these projections are based on current tax rates. The tax rates can and probably will fluctuate over the next few years.

At its meeting on Monday, May 10, 2010, the EDA Board adopted Resolution No. 2010-04, entitled a "Resolution Approving a Property Tax Abatement Program for New Vision Co-op", recommending an abatement period of five (5) years which would apply to the taxes payable in the years 2012 through 2016. The abatement would cover 100% of the city's and county's share of the property taxes generated by the new improvements for this period of time. Attached for your review is the proposed Property Tax Abatement Agreement between the City and New Vision Co-op.

At its meeting on May 18, 2010, the City Council approved a Resolution scheduling a public hearing on the proposed tax abatement for the June 15, 2010, City Council Meeting.

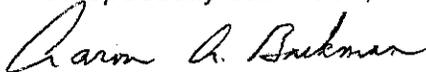
The Cottonwood County Commissioners have set a public hearing on the proposed tax abatement program for their June 22, 2010, meeting. Attached for your review is a proposed Property Tax Abatement Pledge Agreement between the City and County.

Tax abatement is used as a tool to encourage improvements to real estate which will increase the property tax base. The EDA believes that this five-year abatement will help expand the capacity of New Vision's operations in the City of Windom and thus benefit the City and surrounding area, and a significant sector of our local agricultural economy. Attached for your review is a proposed Resolution entitled "Resolution Approving Property Tax Abatements to Assist in Financing Improvements to be made by New Vision Co-op in the City of Windom, Minnesota."

Should you have any questions, please do not hesitate to contact me. I will also be present at the City Council Meeting on June 15, 2010, to answer any additional questions you may have concerning the proposed tax abatement.

Requested Action: Adopt the Resolution approving the tax abatement and authorizing the Mayor and City Administrator to sign the required documents.

Respectfully submitted,



Aaron A. Backman, EDA Executive Director

AAB:mah

Attachments

**CITY OF WINDOM, MINNESOTA
PUBLIC HEARING NOTICE**

Notice is hereby given that the City Council of the City of Windom (the "City Council") will hold a public hearing, pursuant to Minnesota law, to consider granting a property tax abatement, pursuant to Minnesota Statutes Sections 469.1812 through 469.1815, for property owned by New Vision Cooperative and concerning the awarding of a business subsidy to New Vision Cooperative pursuant to Minnesota Statutes Sections 116J.993 through 116J.995. The property is located at 125 16th Street (Parcels Nos. 25.231.0050 and 25.231.0040). The proposed tax abatement program would grant an abatement of the increase in property taxes caused by new development on the land. The estimated total amount of the property tax abatement by the City would be in the range of \$35,540 to \$39,983 based on eligible development costs, projected values of the new development, and current property tax rates. **The public hearing will be held in the City Council Chambers at City Hall, 444 Ninth Street, Windom, Minnesota, on Tuesday, June 15, 2010, during the regular City Council Meeting which begins at 7:30 p.m.**

Members of the public may review a copy of the proposed tax abatement program and supporting documentation, prior to the public hearing, at the Office of the Economic Development Authority of Windom in the Windom City Hall at 444 9th Street, Windom, Minnesota.

At the public hearing, all interested parties may appear and express their comments, either orally or in writing, for consideration by the City Council. Following the public hearing, the City Council will take action concerning the adoption or rejection of the proposed tax abatement program and business subsidy.

A person with residence in or the owner of taxable property in the City may file a written complaint with the City if the City fails to comply with Sections 116J.993 to 116J.995, and no action may be filed against the City for the failure to comply unless a written complaint is filed.

BY ORDER OF THE WINDOM CITY COUNCIL

Steven Nasby, City Administrator/City Clerk

444 9th Street

P. O. Box 38

Windom, MN 56101

Phone: 507-831-6129

Published: June 2, 2010 (COTTONWOOD COUNTY CITIZEN)

Windom Site Development for 125 16th Street
April 12, 2010

Phase I Timeline: In progress

Site Prep: Remove the three 42' diameter, 50,000 bushel steel bins & grain dryer.
 Demolish/remove the cement foundations.
 Excavate the existing soil and back fill with compacted, class five gravel.

New Construction: Pour a footing and foundation for a 60' diameter, 245,000 bushel steel bin.
 Pour a footing and pad for a 4,700 bushel per hour dryer.

Cost Estimate

Demolition/Excavation	50,000
New Bin including fill/empty equipment	660,000
New Dryer	320,000
Electrical	100,000
Utilities (natural gas)	-0- <u>should be minor.</u>
Phase I Total Estimated Investment:	\$ 1,130,000.00

Phase II Timeline: Depends on crops, capital demands, financial support etc. Target by 2012.

New Construction: Pour a footing and foundation for a 60' diameter, steel 245,000 bushel bin.

Cost Estimate

Excavation	20,000
New Bin including fill/empty equipment	660,000
Electrical	<u>70,000</u>
Phase II Total Estimated Investment:	\$ 750,000.00

Phase III Timeline: Depends on crops, capital demands, financial support etc.

Site Prep: Demolish/remove existing bunker
 Demolish/remove asphalt floor
 Excavate the existing soil and back fill with compacted, class five gravel.

New Construction: Pour a footing and foundation for a 105' diameter, 690,000 bushel steel bin.
 Truck unloading pit and leg for new bin.
 Conveyor to feed mill

Cost Estimate

Demolition/Excavation	200,000
New Bin including fill/empty equipment	1,850,000
Electrical	<u>100,000</u>
Phase III Total Estimated Investment	\$ 2,150,000.00

Proposal

Phase I Tax Abatement
 Phase II & Phase III, Tax abatement or TIF.



New Vision Cooperative - Phase 1 and 2

City of Windom, Minnesota

Grain Storage Facility Development

ASSUMPTIONS AND RATES

DistrictType:	Abatement	Current Total Local Tax Rate	137.0550%	Pay 2010
First Year Construction or Inflation on Value	2010	Current City Tax Rate	78.3650%	Pay 2010
Inflation Rate - Every Year	0.00%	Current County Tax Rate	37.2310%	Pay 2010
Interest Rate	6.50%	Current School District No. 177 Tax Rate	21.1350%	Pay 2010
Present Value Date	1-Feb-11	Current County-wide Tax Rate	0.3240%	Pay 2010
First Period Ending	1-Aug-11	State-wide Tax Rate (Comm./Ind. only used for total taxes)	45.8810%	Pay 2010
Cashflow Assumes First Abatement	2012	Market Value Tax Rate (Used for total taxes)	0.39353%	Pay 2010
Assumes Last Year of Abatement	2016			
Fiscal Disparities Election (Inside, Outside or NA)	NA			
Incremental or Total Fiscal Disparities	Incremental	PROPERTY TAX CLASSES AND CLASS RATES		
Fiscal Disparities Contribution Ratio	0.0000%	Exempt Class Rate (Exempt)	0.00%	
Fiscal Disparities Metro-Wide Tax Rate	0.0000%	Commercial Industrial Preferred Class Rate (C/I Pref.)	1.50%	
Term of City Abatement	5	First	\$150,000	
Term of County Abatement	5	Over	\$150,000	
Term of School District Abatement	5	Commercial Industrial Class Rate (C/I)	2.00%	
School District No. 177		Rental Housing Class Rate (Rental)	1.25%	
Total Years of Abatement: 5		Affordable Rental Housing Class Rate (Aff. Rental)	0.75%	
		Non-Homeslead Residential (Non-H Res.)	1.25%	
		Homeslead Residential Class Rate (Hmsld. Res.)	1.00%	
		First	\$500,000	
		Over	\$500,000	
		Agricultural Non-Homeslead	1.00%	

BASE VALUE INFORMATION (Original Tax Capacity)

Map #	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage of Value Used for District	Tax Year		Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
								Original Market Value	Pay 2010					
1	25.231.0050			53,600	649,900	703,500	100%	703,500	Pay 2010	C/I Pref.	13,320	C/I Pref.	13,320	1
2	25.131.0040			4,600	0	4,600	100%	4,600	Pay 2010	C/I Pref.	69	C/I Pref.	69	1
								708,100			13,389		13,389	

Note:
1. Base values are for pay 2010.



EHLERS
 & ASSOCIATES INC

New Vision Cooperative - Phase 1 and 2

City of Windom, Minnesota
 Grain Storage Facility Development

PROJECT INFORMATION (Project Tax Capacity)

Area/Phase	New Use	Total Sq. Ft./Units	Market Value Sq. Ft./Units	Market Value	Property Tax Class	Project Tax Capacity	Percentage Completed 2010	Percentage Completed 2011	Percentage Completed 2012	Percentage Completed 2013	First Year Full Taxes Payable
Existing	Industrial	1	703,500	703,500	C/I Pref.	13,320	100%	100%	100%	100%	2012
Existing	Industrial	1	4,600	4,600	C/I Pref.	69	100%	100%	100%	100%	2012
2	Industrial	1	320,950	320,950	C/I Pref.	5,669	100%	100%	100%	100%	2012
TOTAL			1,350,000	1,350,000	C/I Pref.	24,727					2014

Note:

1. Market values are based upon estimates from Company.

TAX CALCULATIONS

New Use	Total Tax Capacity	Local		Fiscal		State-wide		Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
		Disparities Tax Capacity	Property Taxes	Disparities Taxes	Property Taxes	Market Value Taxes	Total Taxes			
Industrial	13,320	0	18,256	0	6,111	2,768	18	27,136	27,135.56	
Industrial	69	0	95	0	32	144	144	144.33	144.33	
Industrial	5,669	0	7,770	0	2,601	1,263	1,263	11,634	11,633.68	
Industrial	5,669	0	7,770	0	2,601	1,263	1,263	11,634	11,633.68	
TOTAL	24,727	0	33,890	0	11,345	5,313	5,313	50,547	50,547	

Note:

1. Taxes and abatement will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM ABATEMENT?

Total Property Taxes	50,547
less State-wide Taxes	(11,345)
less Fiscal Disp. Adj.	0
less Market Value Taxes	(5,313)
less Small Taxing Jurisdiction Taxes	(80)
less Base Value Taxes	(18,307)
Annual Gross Maximum Tax Abatement!	15,503

June 11, 2010

PROPERTY TAX ABATEMENT AGREEMENT

By and Between

CITY OF WINDOM, MINNESOTA

and

NEW VISION CO-OP

Dated: _____, 2010

THIS AGREEMENT made and entered into as of this _____ day of _____, 2010 by and between the City of Windom, Minnesota, a municipal corporation under the laws of the State of Minnesota (“City”) and New Vision Co-op, a Minnesota corporation, (“Developer”).

RECITALS

WHEREAS, the City intends to provide a property tax abatement pursuant to Minnesota Statutes, Sections 469.1812-.1815 (the “Tax Abatement Act”) for certain real property (the “Development Property”) located in the City and described on the attached Exhibit A; and

WHEREAS, the Developer agrees to construct improvements on the Development Property (the “Minimum Improvements”) as provided in this Agreement; and

WHEREAS, pursuant to the Tax Abatement Act, the City is authorized to provide financial assistance in order to increase tax base within the City; and

WHEREAS, the City believes that the property tax abatement contemplated herein and fulfillment of this Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents, and is in accord with the public purposes and provisions of the Tax Abatement Act and other applicable State and local laws and requirements under which this Agreement is made.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the parties agree as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“City” means the City of Windom, Minnesota.

“City Assistance” means the financial assistance to be provided by the City to the Developer as provided in Section 3.1 of this Agreement.

“City Resolution” means the resolution adopted by the City on _____, 2010, authorizing this Agreement.

“City Tax Abatement” means the real property taxes: (i) that are generated in each tax-payable year by extending the City’s total tax rate against: the tax capacity of the Development Property after deducting the tax capacity of the Development Property as of the date of this Agreement, which current tax capacity is _____ and (ii) that are paid to the City by the County.

“County Resolution” means the resolution adopted by the County’s Board of Commissioners on _____, 2010, authorizing the County Tax Abatement.

“County Tax Abatement” means the real property taxes: (i) that are generated in each tax-payable year by extending the County’s total tax rate against: the tax capacity of the Development Property after deducting the tax capacity of the Development Property as of the date of this Agreement, which current tax capacity is _____ and (ii) that are received by the County.

“Construction Plans” means the plans, specifications, drawings and related documents on the construction work to be performed by the Developer on the Development Property, including the Minimum Improvements.

“County” means Cottonwood County, Minnesota.

“Developer” means New Vision Co-op, a Minnesota corporation.

“Development Property” means the real property described as such on Exhibit A of this Agreement. After construction of the Minimum Improvements, the term means the Development Property as improved by the Minimum Improvements.

“Event of Default” means an action by the Developer listed in Article IX of this Agreement.

“Holder” means the owner of a Mortgage.

“Minimum Improvements” means the demolition of three existing grain bins located on the Development Property and the installation in two phases of two 245,000 bushel grain storage units all in accordance with the approved Construction Plans.

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property and which is a permitted encumbrance pursuant to the provisions of Article VIII of this Agreement.

“Phase I” means the demolition of three existing grain bins located on the Development Property and the installation of one 245,000 bushel grain storage unit on the Development Property.

“Phase II” means the installation of one 245,000 bushel grain storage unit on the Development Property.

“State” means the State of Minnesota.

“Tax Abatement Act” means Minnesota Statutes, Sections 469.1812 to 469.1815, as amended.

“Tax Abatements” means the sum of the City Tax Abatement and the County Tax Abatement.

“Tax Official” means any County Assessor, County Auditor, County or State Board of Equalization, the Commissioner of Revenue of the State, or any State or Federal District Court, the Tax Court of the State, or the State Supreme Court.

“Termination Date” means the earlier of the date that this Agreement has been terminated by the City pursuant to its terms or February 1, 20____.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The activities of the City are undertaken for the purposes of increasing the tax base of the City and promoting economic development.

Section 2.2. Representations and Warranties by the Developer. The Developer represents and warrants that:

(a) The Developer is a Minnesota corporation duly organized and in good standing under the laws of the State, is duly authorized to transact business within the State, and has the power to enter into this Agreement.

(b) The Developer will construct, operate and maintain the Minimum Improvements in accordance with the terms of this Agreement and all local, state and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).

(c) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer or the undertaken pursuant to this Agreement may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) The Developer will construct the Minimum Improvements in accordance with all local, state or federal energy-conservation laws or regulations.

(e) The Developer will obtain, in a timely manner, all required permits, licenses and approvals, and will meet, in a timely manner, all requirements of all applicable local, state and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it

is bound, or constitutes a default under any of the foregoing.

(g) The proposed development by the Developer hereunder would not occur but for the financing assistance being provided by the City hereunder.

(h) The Developer shall promptly advise City in writing of all litigation or claims affecting any part of the Minimum Improvements and all written complaints and charges made by any governmental authority materially affecting the Minimum Improvements or materially affecting Developer or its business which may delay or require changes in construction of the Minimum Improvements.

ARTICLE III

City Assistance

Section 3.1. City Assistance. (a) As of the date of this Agreement, the Developer owns the Development Property. There is located on the Development Property three grain bins which the Developer uses in its business. The Developer proposes to demolish the existing grain bins and install in phases two new 245,000 bushel grain storage units on the Development Property. The Developer has requested that the City provide the City Assistance to the Developer to defray a portion of the cost of the Minimum Improvements. The costs for which the City will provide the City Assistance include the costs of demolishing the existing grain bins and of preparing the Development Property for the installation of the new storage units. The City's obligation to make any payment of the City Assistance is subject to the condition precedent that the Developer has provided to the City invoices or other documentation reasonably requested by the City showing the costs to be reimbursed and that such costs have been incurred.

(b) In furtherance of the objectives set forth in the City Resolution, and subject to the terms and conditions of this Agreement, the City will, on each February 1 and August 1 (each a "Payment Date") commencing August 1, 20___, and terminating on the Termination Date, pay to the Developer Tax Abatements received by the City and County during the six-month period prior to that Payment Date. The maximum amount to be paid to the Developer shall be the amount of the Developer's documented costs of demolition and site preparation as described in subsection (a) above. No interest shall accrue with respect to the principal amount of such costs. Payments shall be mailed to New Vision Co-op, 412 East Peavey Street, Jeffers, Minnesota 56145.

(c) In no case shall the City make payments of Tax Abatements to the Developer pursuant to this Agreement that, together with any other abatements payable by the City and County under the Act, exceed in any one year the greater of 10% of the City's and County's levy for that year or \$200,000; provided that in the event that total abatements payable by the City and County any year equal the maximum under this section, the City will pay to the Developer a ratable share of the Tax Abatements otherwise due pursuant to this Agreement, allocated on the basis of the total annual abatements payable by the City and County in that year.

(d) The Developer understands and acknowledges that the City makes no representations or warranties regarding the amount of Tax Abatements that will be generated as a result of the Minimum Improvements. Any estimates of the projected amount of Tax Abatements prepared by the City, its financial advisors, or its other officers, agents, or employees in connection with this Agreement are for the benefit of the City, and are not intended as representations on which the Developer may rely. The Developer further understands and acknowledges that no assistance is being provided by the City hereunder except as set forth herein, and that the Developer shall have no other claim against any funds of the City.

(e) The City shall have no obligation to make any payment to the Developer from any source other than the Tax Abatements.

(f) The City shall have no obligation to make any payment to the Developer under this Agreement if there is an Event of Default on the Developer's part under this Agreement that has not been cured as of the Payment Date.

(g) The City may at all reasonable times, after reasonable notice, inspect, examine and copy all books and records of the Developer relating to the Minimum Improvements. The Developer shall use its best efforts to cause the contractor or contractors, all subcontractors, and their agents and lenders to make their books and records relating to the Minimum Improvements available to the City upon reasonable notice, for inspection, examination and audit. These records shall be kept and maintained by the Developer for a period of four years following completion of construction of the Minimum Improvements.

Section 3.2. Business Subsidy Agreement. Pursuant to section 116J.993, subd. 3(1), of Business Subsidy Act, Minnesota Statutes, sections 116J.993 to 116J.995, the City Assistance does not constitute a "business subsidy" because it is in an amount under \$150,000. However, the City Assistance is subject to reporting requirements contained in Minnesota Statutes, section 116J.994(8)(b). Therefore, the parties agree as follows:

(a) *General Terms.* The parties agree and represent to each other as follows:

(i) The subsidy provided to the Developer includes the Tax Abatements.

(ii) The public purposes of the subsidy are assisting in the removal of several old grain bins, the preparation of the Development Property for the installation of new grain storage units with will better serve the needs of the community and increase the tax base of the City and the State.

(b) *Reports.* The Developer must submit to the City upon request by the City a report containing information that allows the City to submit the reports required by section 116J.994(8)(b) and (c) of the Business Subsidy Act. The City will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this section, the City will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the City a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 3.3 Reimbursement of Fees and Expenses. The Developer agrees to reimburse the City for all third-party fees and expenses incurred by the City in connection with the analysis of the development proposal and creation of the tax abatement program including, but not limited to, financial analysis, preparation and review of tax abatement program, preparation of property tax abatement agreement and intergovernmental pledge agreement, review of resolutions and documents, presentations to City Council and Board of Commissioners, attendance at meetings, and follow-up documentation. The Developer agrees to reimburse the City for these fees and expenses within thirty (30) days of receipt of an invoice from the City documenting said fees and expenses.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. The Developer will at all times prior to the Termination Date operate and maintain, preserve and keep the Development Property or cause the Development Property to be maintained, preserved, and kept with the appurtenances and every part and parcel thereof, in good repair and condition.

Section 4.2. Construction Plans. (a) Before commencement of construction of the Minimum Improvements, the Developer shall submit to the City Construction Plans. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in conformity with the Development Plan, this Agreement, and all applicable State and local laws and regulations. The City will approve the Construction Plans in writing if the Construction Plans conform to the terms and conditions of this Agreement and conform to all applicable federal, state and local laws, ordinances, rules and regulations. Approval may be based upon a review by the City's Building Official of the Construction Plans. No approval by the City shall relieve the Developer of the obligation to comply with the terms of this Agreement or applicable federal, state and local laws, ordinances, rules and regulations, or to construct the Minimum Improvements in accordance therewith. No approval by the City shall constitute a waiver of an Event of Default. The approval of the City shall not be unreasonably withheld, delayed or conditioned.

(b) If the Developer desires to make any material change in the Construction Plans after their approval by the City, the Developer shall submit the proposed change to the City for its approval. If the Construction Plans, as modified by the proposed change, conform to the requirements of this Section 4.2 of this Agreement with respect to such previously approved Construction Plans, the City shall approve the proposed change and notify the Developer in writing of its approval. Such change in the Construction Plans shall, in any event, be deemed approved by the City unless rejected, in whole or in part, by written notice by the City to the Developer, setting forth in detail the reasons therefor. Such rejection shall be made within ten (10) days after receipt of the notice of such change. The approval by the City of any such change in the Construction Plans will not be unreasonably withheld.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Developer shall commence construction of Phase I of the Minimum Improvements by April 15, 2010, and complete such construction by October 15, 2010. The installation of Phase II shall be at the discretion of the Developer and a failure to complete Phase II shall not constitute a default under this Agreement. All work with respect to the Minimum Improvements to be constructed or provided by the Developer on the Development Property shall be in conformity with the Construction Plans as submitted by the Developer and approved by the City.

ARTICLE V

Insurance and Condemnation

Section 5.1. **Insurance.** (a) Prior to the Termination Date, the Developer shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the City shall furnish proof of the payment of premiums on, insurance as follows:

(i) Insurance against loss and/or damage to the Development Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses;

(ii) Comprehensive general public liability insurance, including personal injury liability (with employee exclusion deleted), against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, and shall be endorsed to show the City as additional insured; and

(iii) Such other insurance, including workers' compensation insurance respecting all employees of the Developer, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure.

(b) All insurance required in Article V of this Agreement shall be taken out and maintained in responsible insurance companies selected by the Developer which are authorized under the laws of the State to assume the risks covered thereby. Upon request, the Developer will deposit annually with the City policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Unless otherwise provided in this Article V of this Agreement, each policy shall contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Developer and the City at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Developer may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein, in which event the Developer shall deposit with the City a certificate or certificates of the respective insurers as to the amount of coverage in force upon the Minimum Improvements.

(c) The Developer agrees to notify the City immediately in the case of damage exceeding \$25,000 in amount to, or destruction of, the Development Property or any portion thereof resulting from fire or other casualty. In such event the Developer either will forthwith repair, reconstruct, and restore the Development Property to substantially the same or an improved condition or value as it existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction, and restoration, the Developer will apply the Net Proceeds of any insurance relating to such damage received by the Developer to the payment or reimbursement of the costs thereof.

The Developer shall complete the repair, reconstruction, and restoration of the Development Property, whether or not the Net Proceeds of insurance received by the Developer for such purposes

are sufficient to pay for the same. Any Net Proceeds remaining after completion of such repairs, construction and restoration shall be the property of the Developer.

Section 5.2. Subordination. Notwithstanding anything to the contrary contained in this Article V, the rights of the City with respect to the receipt and application of any proceeds of insurance shall, in all respects, be subject and subordinate to the rights of any lender under a Mortgage approved pursuant to Article VIII of this Agreement.

ARTICLE VI

Taxes

Section 6.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the development. The Developer agrees for itself, its successors and assigns, that in addition to the obligation pursuant to statute to pay real estate taxes, it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County Auditor. In any such suit, the City shall also be entitled to recover its costs, expenses, and reasonable attorney fees.

Section 6.2. Use of Taxes. Except for its obligations under this Agreement, the City shall be free to use any taxes received from the Development Property for any purpose for which such taxes may lawfully be used, and the City shall have no obligations to the Developer with respect to the use of such taxes.

ARTICLE VII

Mortgage Financing

Section 7.1. Option to Cure Default on Mortgage. In the event that there occurs a default under any Mortgage authorized pursuant to this Agreement, the Developer shall cause the City to receive copies of any notice of default received by the Developer from the holder of such Mortgage. Thereafter, the City shall have the right, but not the obligation, to cure any such default on behalf of the Developer within such cure periods as are available to the Developer under the Mortgage documents.

ARTICLE VIII

Prohibitions Against Assignment and Transfer; Indemnification

Section 8.1. Representation as to Development. The Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of development of the Development Property and not for speculation in land.

Section 8.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to making the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, without the prior written approval of the City.

Section 8.3. Release and Indemnification Covenants. (a) The Developer releases from and covenants and agrees that the City, and the governing body members, officers, agents, servants, and employees thereof shall not be liable for, and agrees to defend, indemnify and hold harmless the City, and the governing body members, officers, agents, servants, and employees thereof, against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Minimum Improvements or the Development Property.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the following named parties, the Developer agrees to protect and defend the City, and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby, or the acquisition, construction, installation, ownership, and operation of the Minimum Improvements and the Development Property. Without limitation of the foregoing, the Developer agrees to protect and defend the City, and the governing body members, officers, agents, servants, and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by the State, its agencies, or any other governmental entity seeking recoupment from or repayment by the City of any City Assistance paid to the Developer or otherwise expended by the City pursuant to this Agreement, and to reimburse the City, to the fullest extent permitted by law, for any City Assistance recouped by or repaid to any of the foregoing entities.

(c) The City, and the governing body members, officers, agents, servants, and employees thereof shall not be liable for any damage or injury to the persons or property of the

Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or the Minimum Improvements due to any act of negligence of any person.

(d) All covenants, stipulations, promises, agreements, and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the City, and not of any governing body member, officer, agent, servant, or employee of the City in the individual capacity thereof.

ARTICLE IX

Events of Default

Section 9.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any failure by the Developer to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder, or any other agreement between the City and the Developer pertaining to the Development Property or the Minimum Improvements, whether such agreement is entered into before or after the date of this Agreement.

Section 9.2. Remedies on Default. Whenever any Event of Default referred to in Section 9.1 of this Agreement occurs on the part of the Developer, the City may immediately suspend its performance under this Agreement and may, after providing thirty days written notice to the other parties of the Event of Default, but only if the Event of Default has not been cured within said thirty days or, if the Event of Default is by its nature incurable within thirty days and the Developer does not provide assurances reasonably satisfactory to the City and that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Be released from any further obligation to the Developer under this Agreement, including, without limitation, the obligation to make further Tax Abatements payments under this Agreement.

(b) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or the Developer in this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IX.

Section 9.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 9.5. Costs of Enforcement. Whenever any Event of Default occurs and if the City shall employ attorneys or incur other expenses for the collection of payments due or to

become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, and the City prevails in such action, the Developer agrees that it shall, within ten days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

ARTICLE X

Additional Provisions

Section 10.1. Conflict of Interests; City Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 10.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in the Agreement it will comply with all applicable federal, state and local equal employment and non-discrimination laws and regulations.

Section 10.3. Restrictions on Use. The Developer agrees that, prior to the Termination Date, the Developer, and such successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for commercial use in accordance with City ordinances, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 10.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 10.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 10.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at New Vision Cooperative, Attention: General Manager, 1301 County Road 5, P. O. Box 877, Worthington, Minnesota 56187; and

(b) in the case of City, is addressed to or delivered personally to the City of Windom, Attention: City Administrator, 444 Ninth Street, P. O. Box 38, Windom, Minnesota 56101;

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 10.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 10.8. Recording. The City may record this Agreement and any amendments thereto with the County Recorder. The Developer shall pay all costs for recording.

Section 10.9. Governing Law. This Agreement is made and shall be governed in all respects by the laws of the State of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 10.10. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 10.11. Entire Agreement. This Agreement, together with its Exhibits, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the City or the obligations of the Developer under any other agreement between the City and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto. Without limitation of the foregoing, any modification is subject to the restrictions on modifications set forth in the City Resolution.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and its seal to be hereunto duly affixed and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF WINDOM, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF COTTONWOOD)

The foregoing instrument was acknowledged before me this _____ day of June, 2010, by Kirby G. Kruse and Steven Nasby, Mayor and City Administrator, respectively, of the City of Windom, Minnesota, on behalf of the City.

Notary Public

EXHIBIT A

DEVELOPMENT PROPERTY

PROPERTY TAX ABATEMENT PLEDGE AGREEMENT

This Agreement is made and entered into as of the _____ day of _____, 2010, by and between the City of Windom, Minnesota, a charter city under the laws of the State of Minnesota (the "City"), and Cottonwood County, Minnesota, a political subdivision of the State of Minnesota (the "County").

WITNESSETH:

WHEREAS, Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Tax Abatement Law") allows a governmental subdivision within the State of Minnesota to abate all or a part of its share of the real property taxes generated from parcels of property within its jurisdiction and to use such property tax abatements to finance projects that it finds will increase the tax base in the political subdivision; and

WHEREAS, the City has received a request from New Vision Co-op ("New Vision") that the City and County use property tax abatements to defray a portion of the costs to be incurred by New Vision in removing several grain bins from certain real property in the City and County (the "Development Property") and to install one, and possibly two, new larger grain storage units that will allow it to better serve the needs of the community; and

WHEREAS, the City and County have considered New Vision's request and have determined that providing such assistance is in the best interests of the City and County and their residents; and

WHEREAS, the City has entered into a Property Tax Abatement Agreement (the "Abatement Agreement") with New Vision pursuant to which the City has agreed to reimburse New Vision for its costs incurred in demolishing the grain bins currently located on the Development Property and preparing the Development Property for the installation of the new grain storage units using its and the County's share of the property taxes that will be generated as a result of the installation of the new storage units; and

WHEREAS, a copy of the Abatement Agreement is attached to this Agreement as Exhibit A; and

WHEREAS, the City and County have determined to enter into this Agreement to document the County's agreement to pay to the City the County's share of the property taxes that will be generated as a result of the installation of the new storage units to enable the City to make the payments to New Vision when due under the Abatement Agreement.

NOW, THEREFORE, the City and County do hereby agree as follows:

1. County Payments. The County agrees that prior to each Payment Date under Section 3.1(b) of the Abatement Agreement it will pay to the City the County Tax

Abatement, as defined in the Abatement Agreement, received by the County in the six-month period prior to such Payment Date. The City will use such payment of the County Tax Abatement, together with the City Tax Abatement, to make the payment due to New Vision on such Payment Date.

2. Term of Agreement. The term of this Agreement shall be from the date hereof until the date that the City no longer has any obligation to make any payments of Tax Abatements to New Vision under the Abatement Agreement.

3. Modification of Abatement Agreement. The City agrees that it will not permit the amendment or modification of the Abatement Agreement without the prior written consent of the County.

4. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the County, is addressed to or delivered personally to Cottonwood County, Attention County Auditor, 900 Third Avenue, Windom, Minnesota 56101; and

(b) in the case of the City, is addressed to or delivered personally to the City of Windom, Attention: City Administrator, 444 9th Street, P.O. Box 38, Windom, Minnesota 56101-0038;

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section.

5. Modifications. This Agreement may only be modified through written amendments hereto executed by the City and County.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and the County has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

CITY OF WINDOM

By _____
Kirby G. Kruse, Mayor

By _____
Steven Nasby, City Administrator

COTTONWOOD COUNTY

By _____
Its _____

By _____
Its _____

EXHIBIT A
ABATEMENT AGREEMENT

RESOLUTION # 2010-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

CITY OF WINDOM

RESOLUTION APPROVING PROPERTY TAX ABATEMENTS TO ASSIST IN FINANCING IMPROVEMENTS TO BE MADE BY NEW VISION CO-OP IN THE CITY OF WINDOM, MINNESOTA

WHEREAS, New Vision Co-op (the "Company") owns property (the "Property") located at 125 16th Street in the City of Windom: PID Nos. 25.231.0050 and 25.131.0040; and

WHEREAS, the Company has proposed to remove three existing grain bins and a grain dryer and replace them with two larger bins and associated connections, grain dryer, truck scale, etc.; and

WHEREAS, the Company has requested that the City of Windom consider abatement of the City's share of the property taxes on the Property which will be generated by these new improvements and specifically the new grain bins, and property taxes on existing improvements will not be affected by this proposed tax abatement; and

WHEREAS, only demolition and site preparation costs are eligible expenses for tax abatement and the Company is requesting tax abatement to assist with these costs which will be approximately \$70,000; and

WHEREAS, the Board of Commissioners of the Economic Development Authority of Windom has approved the proposed tax abatement program and recommended to the City Council that the established time period for the abatement be the period of five (5) years beginning in 2012 through 2016; and

WHEREAS, based on estimated eligible expenses, projected increases in property valuation created by the new improvements, and current tax rates, the maximum aggregate amount of the City's share of the abatement (the "Abatement") would be \$39,983; and

WHEREAS, the Company has also made a request to Cottonwood County for abatement of the County's share of the property taxes generated by the new improvements; and

WHEREAS, a proposed Property Tax Abatement Agreement between the City of Windom and New Vision Co-op has been prepared and submitted to the City Council, together with a proposed Property Tax Abatement Pledge Agreement between Cottonwood County and the City of Windom; and

WHEREAS, a public hearing on the proposed tax abatement was held before the Windom City Council at its regular meeting on June 15, 2010, following proper legal notice of said public hearing; and

WHEREAS, the Abatement is authorized under *Minnesota Statutes*, Sections 469.1812 through 469.1815 (the "Abatement Law"); and

WHEREAS, the City Council of Windom, Minnesota, makes the following findings concerning the proposed abatement:

1. The Council expects the benefits to the City of the Abatement to at least equal the costs thereof.

2. Granting the Abatement is in the public interest because it will assist in the development of real property, increase or preserve the tax base of the City, and retain or provide employment opportunities in the City.

3. The Council expects the public benefits described above to be derived from the Abatement.

4. During the period of abatement, the Property will not be located in a tax increment financing district.

5. In any year, the total amount of property taxes abated by the City by this and other resolutions does not exceed the greater of ten percent (10%) of the current levy or \$200,000.

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

1. The Abatement is hereby approved. The terms of the abatement shall be as follows:

A. The Abatement shall be for a maximum of five (5) years and shall apply to the taxes payable in the years 2012 through 2016, inclusive.

B. The Abatement shall be for 100% of the City's share of the increased ad valorem property taxes generated by the Property as a result of the proposed development of the Property by the Company. The Abatement will be used to reimburse the Company for its payment of eligible costs of the redevelopment.

C. The Abatement may not be modified or changed during the term set forth above, except with the prior written consent of the Company and the City.

D. The Abatement shall be subject to all the terms and limitations of the Abatement Law.

E. In order to be entitled to the Abatement, the Company shall not be in default to the City and County for any of its payment obligations respecting any taxes, assessments, utility charges or other governmental impositions.

2. The Property Tax Abatement Agreement between the City of Windom and New Vision Co-op and the Property Tax Abatement Pledge Agreement between Cottonwood County and the City of Windom are hereby approved, and the Mayor and City Administrator are authorized to execute these documents on behalf of the City of Windom.

Adopted this 15th day of June, 2010.

Kirby G. Kruse, Mayor

ATTEST: _____
Steven Nasby, City Clerk/City Administrator



MEMO

To: Mayor and City Council
From: James Kartes, Zoning Administrator
Date: June 10, 2010
Re: Planning Commission Meeting – June 8, 2010

At its regular meeting on June 8, 2010, the Planning Commission held a public hearing and made the following recommendations concerning the application which came before the meeting:

1. CONDITIONAL USE PERMIT APPLICATION:

Applicants/Owners: **Mark R. Marcy & Donna A. (Duis) Marcy**
Address of Property: **365 Sixth Avenue, Windom, MN**
Legal Description: **Lots 7 and 8, Block 1, Riverbluff Estates Subdivision to the City of Windom, Cottonwood County, Minnesota.**
Parcel ID#: **25-688-0070 & 25-688-0080**

The Applicants propose to construct a 12' X 16' garden shed/playhouse and a 25' X 46' attached garage on the property. The Applicants propose to convert the existing 26' X 26' attached garage into a family room, remove the existing driveway, and construct a new driveway to the new garage. Pursuant to the City Code sections on R-2 Districts and accessory structures, a conditional use permit is needed.

THE PLANNING COMMISSION RECOMMENDS TO THE CITY COUNCIL:

Approval of the application, submitted by Mark Marcy and Donna (Duis) Marcy, requesting a conditional use permit to construct a 12' X 16' garden shed/playhouse and a 25' X 46' attached garage on the property at 365 Sixth Avenue subject to the following conditions: Following construction of the new garage, the property owners shall have the period of one year to close up the existing 26' X 26' garage and remove the concrete driveway to the existing garage.

The motion includes that the jurisdictional documents and findings of fact be made a part of the hearing record.

(Please refer to the Planning Commission Minutes for further details and discussion on these matters.)

I will be present at the City Council Meeting on June 15th to address any questions the Council may have at that time.

Prior to that time if you any questions, please contact me at the Planning and Zoning Office at 831-6125.

JK:mah

Building & Zoning Office
City Hall, 444 9th Street, P.O. Box 38
Windom, MN 56101
Phone: 507-831-6125

CITY OF WINDOM PLANNING COMMISSION
NOTICE OF RESCHEDULED PUBLIC HEARING
CONDITIONAL USE PERMIT APPLICATION

Pursuant to City of Windom, City Code Sections 11.58 and 11.59, notice is hereby given that the Applicants and Owners, Mark R. Marcy and Donna A. Marcy, formerly known as Donna A. Duis, husband and wife, of 365 Sixth Avenue, have submitted an application for the granting of a conditional use permit for property located at 365 Sixth Avenue. The Applicants request a conditional use permit to allow the construction of an additional accessory building to be used as a garden shed and playhouse and a new attached garage on the property. The existing attached garage would be converted into a family room. The area is zoned as "R-2 Urban Residential District" (Section 11.19). The total floor area of the garage and accessory building would exceed the maximums set forth in City Code Section 11.43 (Accessory Structures in Residential Districts). The setbacks, lot area, and proposed placement of structures are shown on the plot plan which is on file in the Building & Zoning Office in City Hall.

It is necessary to reschedule the public hearing on this application that was originally set for May 11, 2010. A public hearing to consider this zoning application requesting a conditional use permit will be held before the Planning Commission in the **City Council Chambers at City Hall, 444 9th Street, Windom, MN 56101 on Tuesday, June 8, 2010, at 7:05 p.m.**

Those persons wishing to be heard on this application for consideration of a zoning request for a conditional use permit are requested to be at this meeting. Copies of the application and plot plan and additional information may be reviewed in the Building & Zoning Office at City Hall prior to the Public Hearing.

Legally described as follows: Real Estate located in the City of Windom described as:
Lots 7 and 8, Block 1, Riverbluff Estates Subdivision to the City
of Windom, Cottonwood County, Minnesota.

Parcel ID #: 25-688-0070 & 25-688-0080

Address of the Property is: 365 Sixth Avenue, Windom, MN 56101

By Order of the City of Windom:
James Kartes, Zoning Administrator

Published: Cottonwood County Citizen (May 26, 2010)

CITY OF WINDOM, MINNESOTA

444 9th Street
Windom, MN 56101
507-831-6125

APPLICATION FOR CONSIDERATION OF ZONING/SUBDIVISION REQUEST

Applicant(s): Name(s) Mark Marcy / Donna Marcy
Address 305 6th AVE S
City WINDOM State MN Zip 56101 (Phone: 507-831-2594)

Owner(s): (If other than Applicant)
Name(s) ~~Mark Marcy~~ SAME AS ABOVE
Address _____
City _____ State _____ Zip _____ (Phone: _____)

Property Address: 305 6th AVE - WINDOM

Legal Description of Property: Lot(s) 7⁴⁸ Block(s) 1 Addition RIVER BLUFF
ESTATES SUBDIVISION 25-688-00704
Parcel No. 25-688-0080

(If metes and bounds, attach description.)

Existing Use of Property: RESIDENTIAL / HOME Present Zoning: R-2 RES.

Action Requested: Conditional Use Permit Variance _____
Subdivision (Sketch Plat) _____ Preliminary Plat _____ Final Plat _____
Planned Unit Development (PUD) _____
Amendment (Text, Rezoning, Comprehensive Plan) - SPECIFY: _____
Other (Specify): _____

Description and Reason for Request (Attach Additional Information if necessary and/or required)
ADDITION OF A SMALL STORAGE SHED IN BACK YARD -
+ ADDITION TO HOUSE OF GARAGE / WORK SHOP
(EXISTING GARAGE WILL EVENTUALLY REMODELED INTO A
FAMILY / LIVING ROOM)

In signing this Application, I/we hereby acknowledge that I/we have been advised concerning the applicable provisions of the Windom Zoning and Subdivision Ordinances, current administrative procedures, and the required filing fee. I/we hereby acknowledge that the information provided in this Application is true and correct to the best of my/our knowledge.

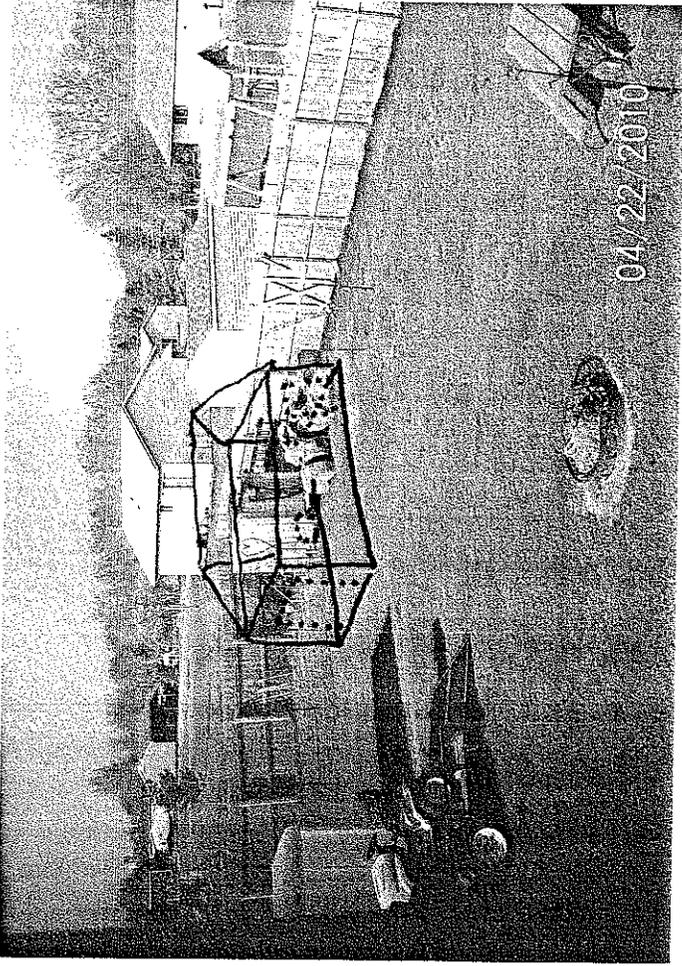
X Mark Marcy X Donna Marcy
[SIGNATURES OF APPLICANT(S)]
Date: 4/22/2010

Fee: \$150.00 Paid: Ck. 3539 Date: 4/23/10

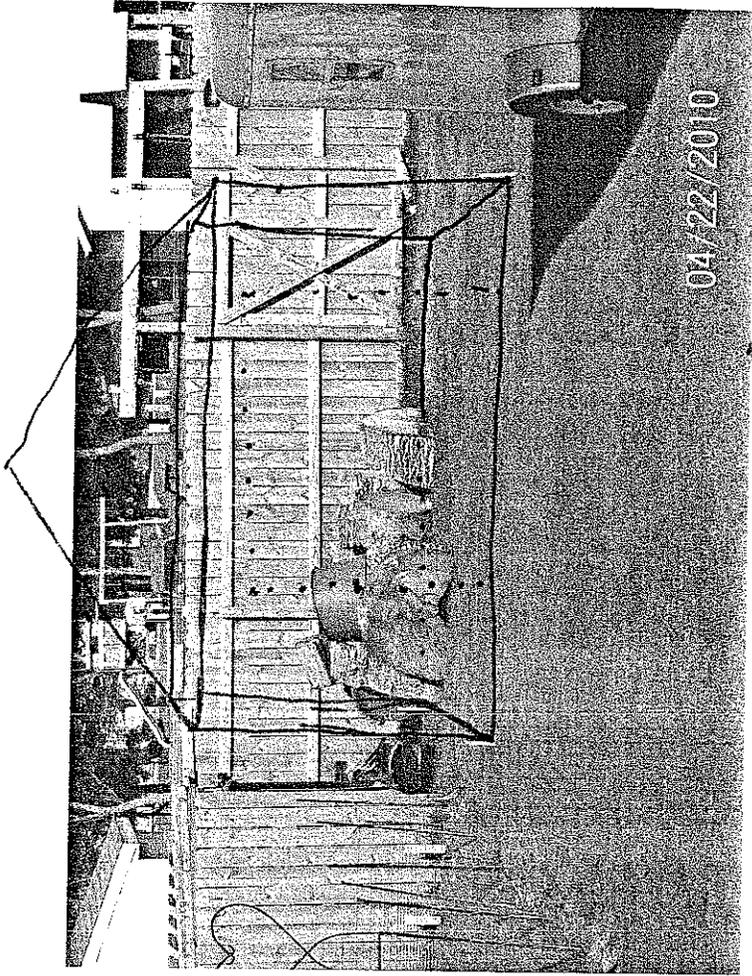
Upon receipt of the Application, all required supporting documents, and the filing fee, this APPLICATION IS ACCEPTED FOR FILING on this 23 day of April, 2010.

WINDOM BUILDING & ZONING OFFICIAL: James K...

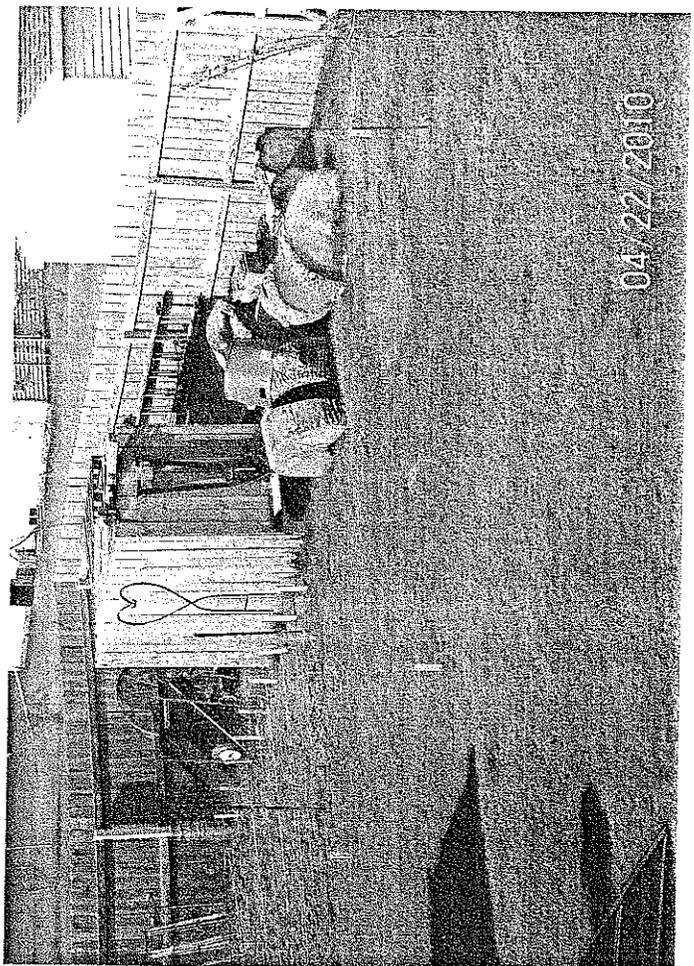
PROPOSED SHED -



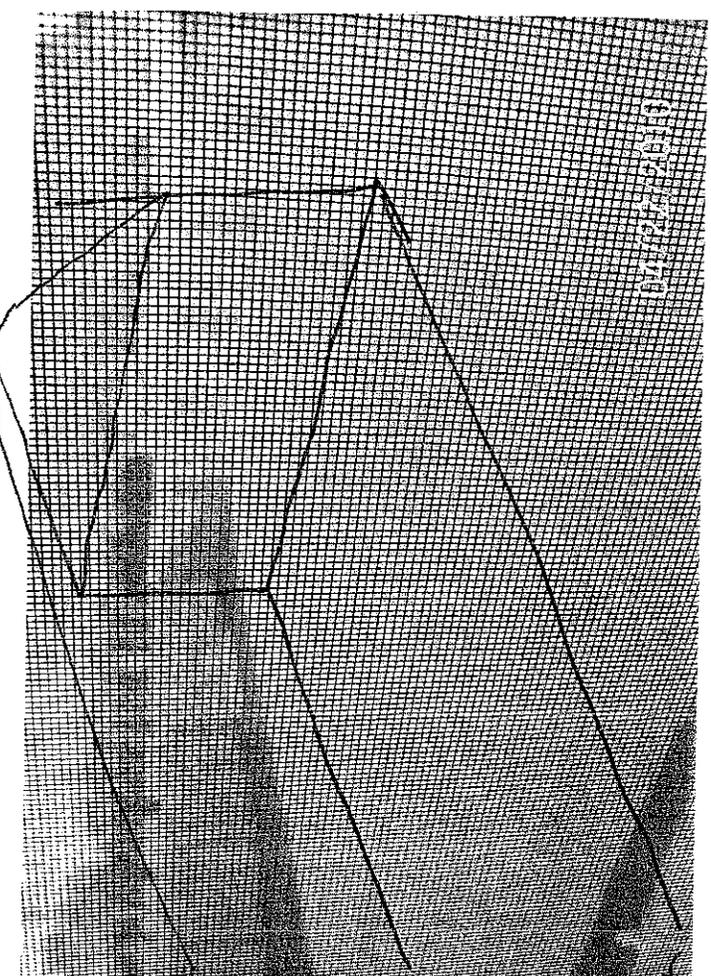
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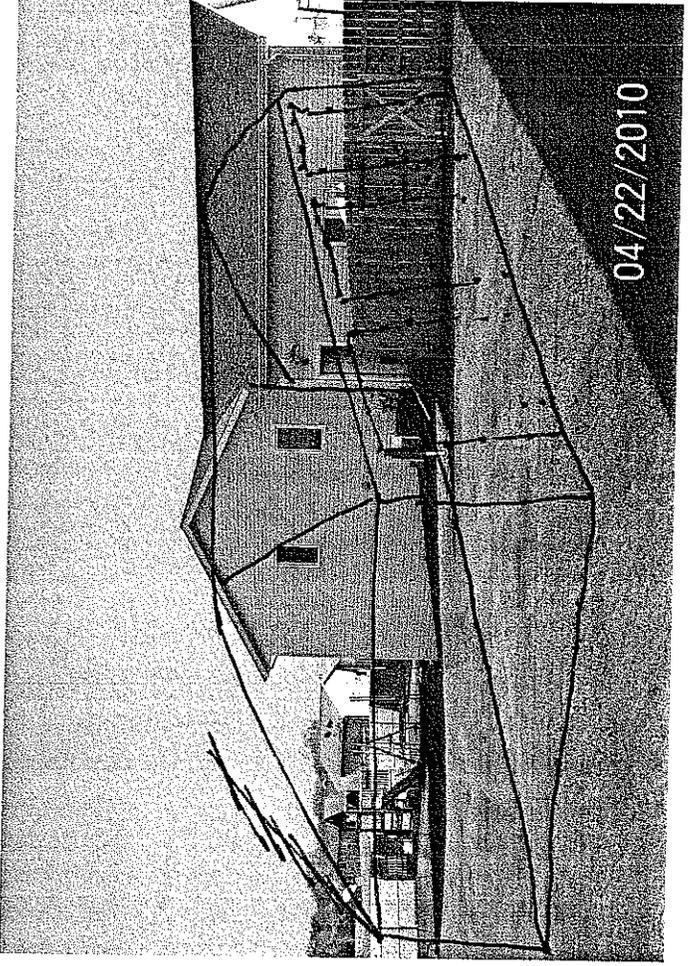
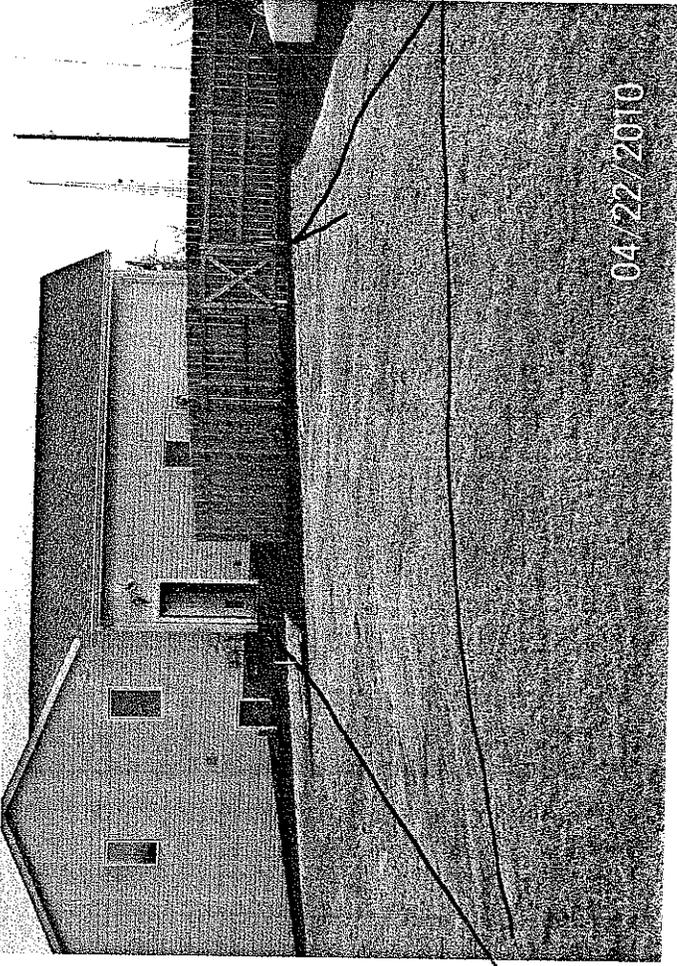
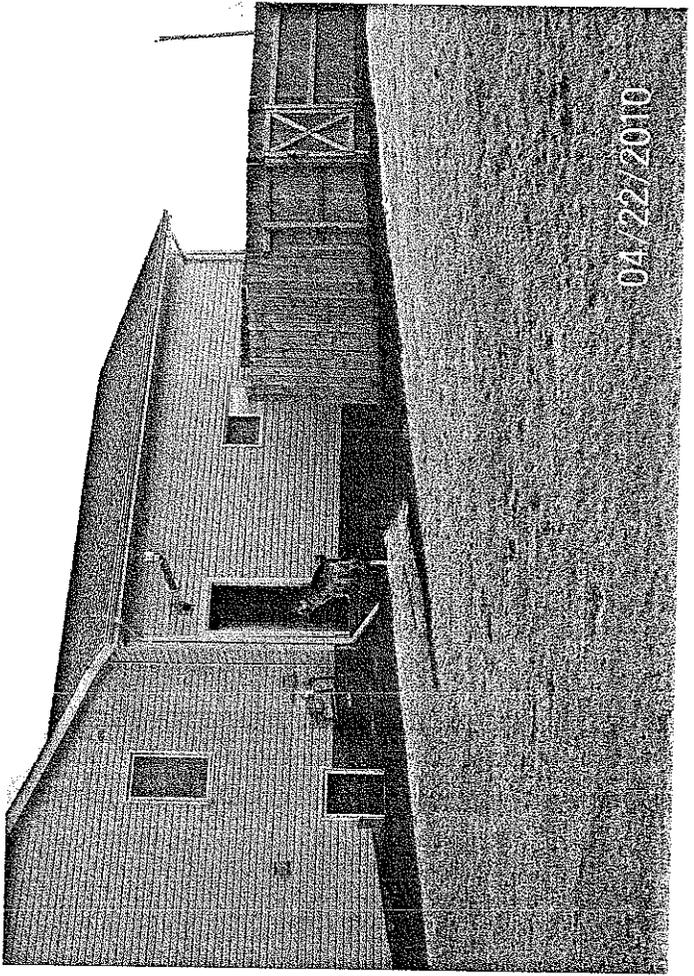
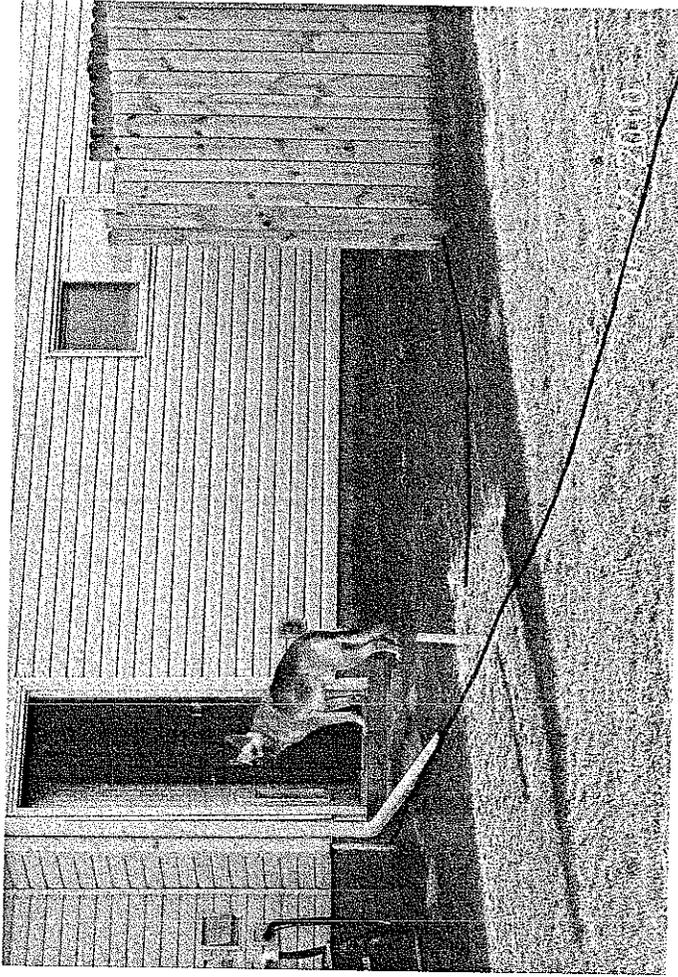
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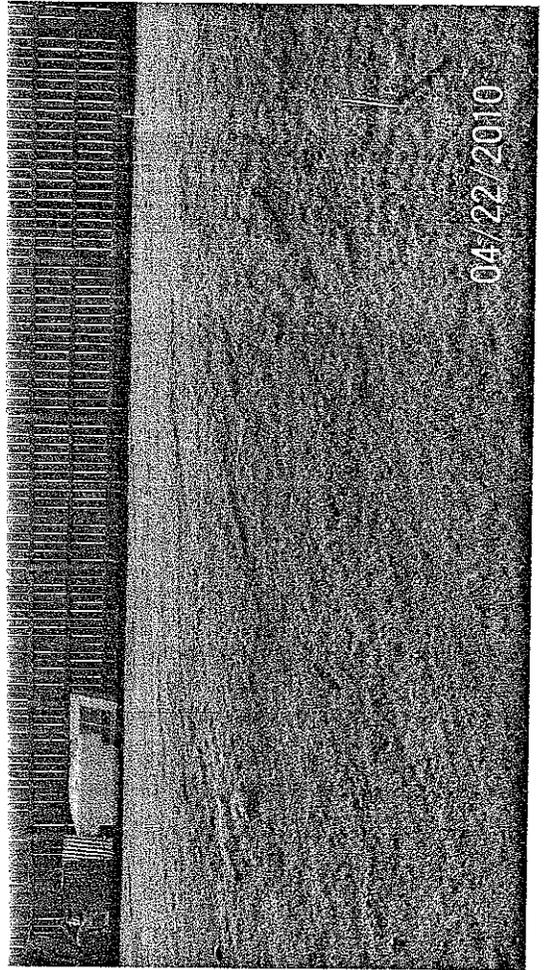
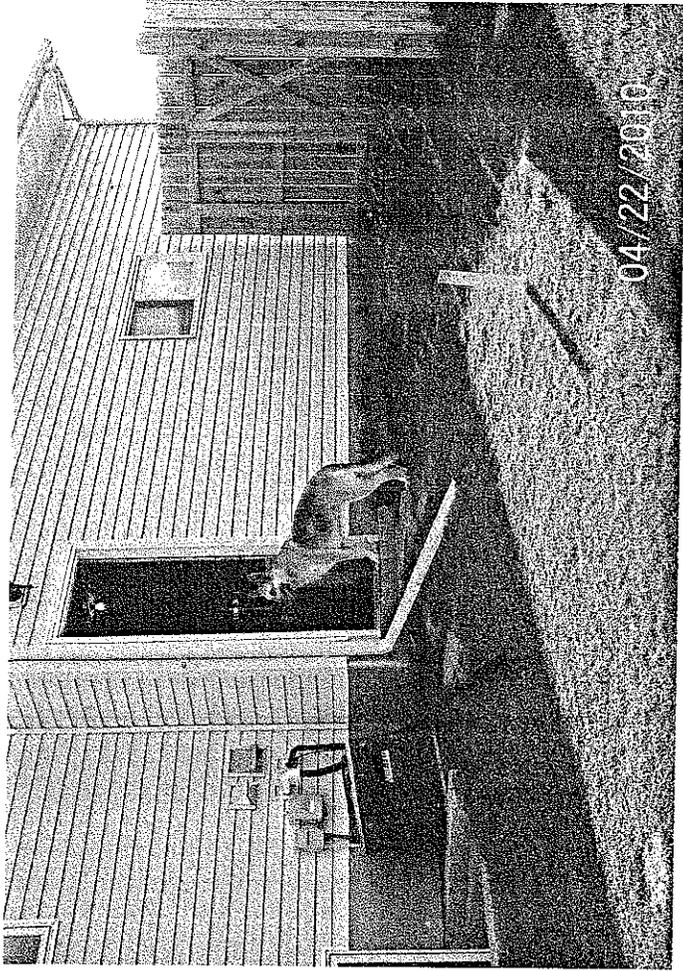


04/22/2010



04/22/2010





DENNIS L. RICK, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants
Minnesota Society of Certified Public Accountants

DENNIS L. RICK, CPA
TISHA S. PAPLOW, CPA

June 11, 2010

To the Members of the City Council
Windom, MN

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Windom for the year ended December 31, 2009, and have issued our report thereon dated June 11, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 14, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by City of Windom are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.



America Counts on CPAs

507-376-5818 * 1018 FOURTH AVENUE * WORTHINGTON, MN 56187
507-831-1332 * 1043 FOURTH AVENUE, SUITE 6 * WINDOM, MN 56101

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 11, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Members of the City Council and management of City of Windom and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Dennis L. Rick, LTD.

Dennis L. Rick, Ltd.
Worthington, MN

DENNIS L. RICK, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants
Minnesota Society of Certified Public Accountants

DENNIS L. RICK, CPA
TISHA S. PAPLOW, CPA

Members of the City Council
Windom, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information of City of Windom, Minnesota as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the City's internal control to be material weaknesses:

A fundamental concept in a good system of internal controls is the segregation of duties. Duties should be separated so that no one person performs incompatible duties or has complete control of any type of transaction. Due to the relatively small size of the City's staff, the City is not able to attain segregation of duties to the extent required for ideal internal control. This is not unusual in a city of this size, and generally it is not economically feasible to provide for complete adherence to the segregation of duties concept. Under these circumstances, management may mitigate the risks by doing the following:

- (1) Identify areas where the lack of segregation of duties exists and where there are higher risks of errors or fraud occurring.
- (2) Implement limited segregation to the extent possible to reduce risks without impairing efficiency.
- (3) Use the knowledge that management and the City Council has of operations by having them review certain accounting records and reports.
- (4) Monitor the effectiveness of the above actions and make changes as considered appropriate.



America Counts on CPAs

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507-831-1332 * 1043 FOURTH AVENUE, SUITE 6 * WINDOM, MN 56101

Other internal controls over financial reporting include those related to the actual preparation and review of the audited financial statements. In order to prepare a complete set of financial statements on the cash basis of accounting, the preparer must have certain knowledge and expertise.

City personnel prepare periodic financial statements and other financial information for internal use that meet the needs of management and the City Council. However, the City does not have internal resources to prepare cash basis financial statements required for external reporting. For entities of the City's size, it generally is not practical to obtain the internal expertise to handle all aspects of the external financial reporting. The City's management is aware of this significant deficiency and addresses it by obtaining our assistance in the preparation of the City's annual financial statements. Management reviews and approves the completed statements and distributes them to the users.

This communication is intended solely for the information and use of management, the City Council, others within the City, and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Dennis L. Pich, LTD.

Worthington, Minnesota

June 11, 2010

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	MII LIFE	VEBA	198.40
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 103		278.40*
P & Z / BUILDING OFF	MII LIFE	VEBA	148.80
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
	Total for Department 106		172.80*
CITY HALL	SANDRA HERDER	CLEANING	334.80
CITY HALL	JOE'S LAWN CARE	MOW LAWN	40.00
CITY HALL	MELISSA PENAS	CLEANING	334.80
	Total for Department 115		709.60*
POLICE	MII LIFE	VEBA	1,126.80
POLICE	MN NCPERS LIFE INSUR	INSURANCE	128.00
POLICE	VOYAGER FLEET SERVIC	GAS	26.11
	Total for Department 120		1,280.91*
FIRE DEPARTMENT	Verizon Wireless	TELEPHONE	44.97
FIRE DEPARTMENT	VOYAGER FLEET SERVIC	GAS	25.76
	Total for Department 125		70.73*
STREET	BITUMINOUS PAVING IN 2010	SEAL COAT	35,109.60
STREET	MII LIFE	VEBA	656.24
STREET	MN NCPERS LIFE INSUR	INSURANCE	64.00
STREET	VOYAGER FLEET SERVIC	GAS	77.04
STREET	VOYAGER FLEET SERVIC	MERCHANDISE	3.52
	Total for Department 140		35,910.40*
HEALTH & SANITATION	NEAL GRUNEWALD	COMPOST SITE MANAGER	128.00
	Total for Department 145		128.00*
PARKS	MII LIFE	VEBA	185.68
PARKS	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 165		217.68*
	Total for Fund 01		38,768.52*
LIBRARY	SANDRA HERDER	CLEANING	334.80
LIBRARY	MELISSA PENAS	CLEANING	334.80
LIBRARY	SCAN TECHNOLOGY, INC	SUPPLIES	49.50
	Total for Department 171		719.10*
	Total for Fund 03		719.10*
AIRPORT	RED ROCK RURAL WATER	WATER	23.50
AIRPORT	SO. CENTRAL ELECTRIC	POWER COST	275.78
	Total for Department 174		299.28*
	Total for Fund 11		299.28*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
POOL	SALLY OLTMANN	PETTY CASH	75.00
		Total for Department 175	75.00*
		Total for Fund 12	75.00*
AMBULANCE	BLUE CROSS/BLUE SHIE	REFUND FOR ALCYIA HACKER	657.19
AMBULANCE	TIM HACKER	EXPENSE	15.83
AMBULANCE	MEDICARE PART B	REFUND	882.63
AMBULANCE	BRAD POWERS	EXPENSE	7.74
AMBULANCE	KIM POWERS	EXPENSE	43.72
AMBULANCE	ALLAN REMPEL	EXPENSE	43.19
		Total for Department 176	1,650.30*
		Total for Fund 13	1,650.30*
MULTI-PURPOSE BUILDI	MII LIFE	VEBA	284.88
MULTI-PURPOSE BUILDI	MN NCPERS	LIFE INSUR INSURANCE	32.00
MULTI-PURPOSE BUILDI	VOYAGER FLEET	SERVIC GAS	59.73
		Total for Department 177	376.61*
		Total for Fund 14	376.61*
SCDP	SW MN HOUSING PARTNE	DRAW #7	21,377.00
		Total for Department 163	21,377.00*
		Total for Fund 17	21,377.00*
N IND PARK	SO. CENTRAL ELECTRIC	POWER COST	29.75
		Total for Department 147	29.75*
		Total for Fund 18	29.75*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	10,592.55
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	67.00
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	7,147.65
LIQUOR	JOHNSON BROS.	MERCHANDISE	2,514.72
LIQUOR	MII LIFE	VEBA	371.36
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	2,045.43
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	1,241.38
		Total for Department 180	24,012.09*
		Total for Fund 60	24,012.09*
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
WATER	STELLAR BILLING LLC	POSTAGE	3.58
WATER	MII LIFE	VEBA	374.54
WATER	MN NCPERS LIFE INSUR	INSURANCE	24.00
WATER	VOYAGER FLEET	SERVIC GAS	314.06
WATER	WENCK ASSOCIATES, IN	LANDFILL	2,893.72

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Department 181			3,759.90*
Total for Fund 61			3,759.90*
ELECTRIC	CRA PAYMENT CENTER	MAINTENANCE	209.65
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
ELECTRIC	JIM KARTES	ENERGY REBATE	25.00
ELECTRIC	STELLAR BILLING LLC	POSTAGE	3.58
ELECTRIC	MII LIFE	VEBA	1,049.86
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
ELECTRIC	BRAD BUSSA	CLEANING	184.60
ELECTRIC	VOYAGER FLEET SERVIC	GAS	271.79
ELECTRIC	NICK BUSSEY / JANA R	ENERGY REBATE	15.00
ELECTRIC	JAY GRANDPREY	ENERGY REBATE	35.00
ELECTRIC	GARY KORTHOUSE	ENERGY REBATE	50.00
ELECTRIC	MARY VLIEGER	ENERGY REBATE	50.00
Total for Department 182			2,140.48*
Total for Fund 62			2,140.48*
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
SEWER	STELLAR BILLING LLC	POSTAGE	3.57
SEWER	MII LIFE	VEBA	931.58
SEWER	MN NCPERS LIFE INSUR	INSURANCE	72.00
SEWER	VOYAGER FLEET SERVIC	GAS	108.49
Total for Department 183			1,265.64*
Total for Fund 63			1,265.64*
ARENA	MII LIFE	VEBA	371.36
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
ARENA	VOYAGER FLEET SERVIC	GAS	89.01
Total for Department 184			492.37*
Total for Fund 64			492.37*
ECONOMIC DEVELOPMENT	AARON BACKMAN	EXPENSE	67.00
ECONOMIC DEVELOPMENT	MII LIFE	VEBA	235.28
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	24.00
Total for Department 187			326.28*
Total for Fund 67			326.28*
RIVERBLUFF ESTATES	COTTONWOOD CO TREASU	DEED TAX	33.00
RIVERBLUFF ESTATES	BRADY POWERS	MOWING	340.00
Total for Department 166			373.00*
Total for Fund 68			373.00*
MN 9-1-1 PROGRAM		911 SERVICE	1,012.56

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
Total for Department			1,012.56*
TELECOMMUNICATIONS	E-911	MONTHLY 911 SERVICE	43.95
TELECOMMUNICATIONS	GODFATHER'S PIZZA	EXPENSE	22.96
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	450.00
TELECOMMUNICATIONS	STELLAR BILLING LLC	POSTAGE	10.71
TELECOMMUNICATIONS	Verizon Wireless	TELEPHONE	286.49
TELECOMMUNICATIONS	MII LIFE	VEBA	665.78
TELECOMMUNICATIONS	NATIONAL EMERGENCY N	SUBSCRIPTION	200.00
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	175.37
TELECOMMUNICATIONS	TECHNOLOGY PLANNERS, SERVICE		3,506.83
TELECOMMUNICATIONS	VOYAGER FLEET SERVIC	GAS	68.26
TELECOMMUNICATIONS	WOODSTOCK TELEPHONE	SERVICE	186.67
TELECOMMUNICATIONS	ZAYO BANDWIDTH	BANDWIDTH BILLING	62.86
TELECOMMUNICATIONS	ZAYO BANDWIDTH	SS7 SERVICE	5,490.92
Total for Department 199			11,234.80*
Total for Fund 69			12,247.36*
MN NCPERS LIFE INSUR	INSURANCE		32.00
Total for Department			32.00*
Total for Fund 70			32.00*
Grand Total			107,944.68*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	ELECTRIC FUND	UTILITIES	173.64
CITY OFFICE	SELECTACCOUNT	FLEX SPENDING	86.01
	Total for Department 103		259.65*
P & Z / BUILDING OFF	ELECTRIC FUND	UTILITIES	60.82
P & Z / BUILDING OFF	VET'S WHOA N'GO	GAS	69.73
	Total for Department 106		130.55*
CITY HALL	ELECTRIC FUND	UTILITIES	505.24
	Total for Department 115		505.24*
POLICE	ELECTRIC FUND	UTILITIES	71.57
	Total for Department 120		71.57*
FIRE DEPARTMENT	ELECTRIC FUND	UTILITIES	26.21
FIRE DEPARTMENT	QUEST	TELEPHONE	58.86
FIRE DEPARTMENT	VET'S WHOA N'GO	GAS	257.72
	Total for Department 125		342.79*
STREET	ELECTRIC FUND	UTILITIES	2,946.92
STREET	MN STATE RETIREMENT	SICK LEAVE REIME	8,641.92
STREET	QUEST	TELEPHONE	58.86
STREET	VET'S WHOA N'GO	GAS	86.54
	Total for Department 140		11,734.24*
RECREATION	COCA-COLA BOTTLING C	MERCHANDISE	189.02
	Total for Department 150		189.02*
PARKS	ELECTRIC FUND	UTILITIES	322.56
	Total for Department 165		322.56*
	Total for Fund 01		13,555.62*
LIBRARY	ELECTRIC FUND	UTILITIES	244.91
	Total for Department 171		244.91*
	Total for Fund 03		244.91*
POOL	ELECTRIC FUND	UTILITIES	168.44
	Total for Department 175		168.44*
	Total for Fund 12		168.44*
AMBULANCE	ELECTRIC FUND	UTILITIES	23.26
AMBULANCE	QUEST	TELEPHONE	58.86
AMBULANCE	VET'S WHOA N'GO	GAS	1,234.88
	Total for Department 176		1,317.00*
	Total for Fund 13		1,317.00*
MULTI-PURPOSE BUILDI	ELECTRIC FUND	UTILITIES	1,277.02

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MULTI-PURPOSE BUILDI	PEPSIAMERICAS	MERCHANDISE	160.30
	Total for Department 177		1,437.32*
	Total for Fund 14		1,437.32*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	9,167.70
LIQUOR	COCA-COLA BOTTLING C	MERCHANDISE	-265.60
LIQUOR	ELECTRIC FUND	UTILITIES	822.87
LIQUOR	EXTREME BEVERAGE, LL	MERCHANDISE	134.00
LIQUOR	FIELDSTONE VINEYARDS	MERCHANDISE	191.28
LIQUOR	WIRTZ BEVERAGE MN WI	MERCHANDISE	2,169.53
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	9,538.35
LIQUOR	JOHNSON BROS.	MERCHANDISE	2,229.59
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	2,936.92
LIQUOR	BANK MIDWEST	NSF CHECK	9.00
LIQUOR	WINE MERCHANTS	MERCHANDISE	668.98
	Total for Department 180		27,602.62*
	Total for Fund 60		27,602.62*
WATER	ELECTRIC FUND	UTILITIES	4,432.68
WATER	GOPHER STATE ONE CAL	LOCATE	25.15
WATER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
WATER	MN STATE RETIREMENT	SICK LEAVE REIMB	10,500.00
WATER	QUEST	TELEPHONE	58.90
	Total for Department 181		15,166.73*
	Total for Fund 61		15,166.73*
	JESSICA BLOUNT	REFUND - UTILITY PREPAYM	300.00
	Total for Department		300.00*
ELECTRIC	ELECTRIC FUND	UTILITIES	268.52
ELECTRIC	GOPHER STATE ONE CAL	LOCATE	25.15
ELECTRIC	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
ELECTRIC	QUEST	TELEPHONE	55.40
ELECTRIC	VET'S WHOA N'GO	GAS	67.27
ELECTRIC	BANK MIDWEST	NSF CHECK	192.71
	Total for Department 182		759.05*
	Total for Fund 62		1,059.05*
SEWER	ELECTRIC FUND	UTILITIES	16,343.63
SEWER	GOPHER STATE ONE CAL	LOCATE	25.15
SEWER	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	150.00
SEWER	QUEST	TELEPHONE	192.20
SEWER	VET'S WHOA N'GO	GAS	14.43
	Total for Department 183		16,725.41*
	Total for Fund 63		16,725.41*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	150.78
ARENA	ELECTRIC FUND	UTILITIES	1,680.41
ARENA	VET'S WHOA N'GO	GAS	71.88
	Total for Department 184		1,903.07*
	Total for Fund 64		1,903.07*
ECONOMIC DEVELOPMENT	ELECTRIC FUND	UTILITIES	120.78
	Total for Department 187		120.78*
	Total for Fund 67		120.78*
TELECOMMUNICATIONS	B B C AMERICA	SUBSCRIBER	8.64
TELECOMMUNICATIONS	BIG TEN NETWORK	SUBSCRIBER	1,562.99
TELECOMMUNICATIONS	BLUEHIGHWAYS	SUBSCRIBER	40.86
TELECOMMUNICATIONS	CNN - TURNER NETWORK	SUBSCRIBER	797.56
TELECOMMUNICATIONS	COMCAST MEDIA CENTER	SUBSCRIBER	19.50
TELECOMMUNICATIONS	DELL MARKETING L.P.	EQUIPMENT	1,203.42
TELECOMMUNICATIONS	DHJV COMPANY LLC	SUBSCRIBER	8.17
TELECOMMUNICATIONS	DISCOVERY DIGITAL NE	SUBSCRIBER	50.10
TELECOMMUNICATIONS	ELECTRIC FUND	UTILITIES	1,792.55
TELECOMMUNICATIONS	FOX SPORTS	SUBSCRIBER	5,283.20
TELECOMMUNICATIONS	GOPHER STATE ONE CAL	LOCATE	75.45
TELECOMMUNICATIONS	H P SUDS CLUB, LLC.	BILLING CONTRACT SERVICE	450.00
TELECOMMUNICATIONS	KARE	SUBSCRIBER	451.15
TELECOMMUNICATIONS	LIFETIME	SUBSCRIBER	673.10
TELECOMMUNICATIONS	LIFETIME MOVIE NETWO	SUBSCRIBER	30.00
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	SUBSCRIBER	20,921.05
TELECOMMUNICATIONS	TBS - TURNER NETWORK	SUBSCRIBER	685.80
TELECOMMUNICATIONS	TCM - TURNER NETWORK	SUBSCRIBER	374.65
TELECOMMUNICATIONS	TNT - TURNER NETWORK	SUBSCRIBER	1,590.68
TELECOMMUNICATIONS	TOWER DISTRIBUTION C	SUBSCRIBER	216.92
TELECOMMUNICATIONS	VET'S WHOA N'GO	GAS	80.96
	Total for Department 199		36,316.75*
	Total for Fund 69		36,316.75*
	Grand Total		115,617.70*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	CITIZEN PUBLISHING C	ADVERTISING	50.00
MAYOR & COUNCIL	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	136.50
	Total for Department 101		186.50*
CITY OFFICE	COLE PAPER INC.	SUPPLIES	69.79
CITY OFFICE	DAN'S OFFICE SUPPLY	SUPPLIES	30.93
CITY OFFICE	SUNSHINE FOODS	SUPPLIES	20.15
CITY OFFICE	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
	Total for Department 103		127.37*
P & Z / BUILDING OFF	DAN'S OFFICE SUPPLY	SUPPLIES	71.64
P & Z / BUILDING OFF	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	52.50
P & Z / BUILDING OFF	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
	Total for Department 106		130.64*
LEGAL	MCDONALD & SCHRAMEL	LEGAL SUPPLIES	17.50
	Total for Department 110		17.50*
CITY HALL	COLE PAPER INC.	SUPPLIES	56.48
CITY HALL	AMERIGAS - WORTHINGT	WATER TREATMENT	23.46
CITY HALL	HOMETOWN SANITATION	HAUL GARBAGE	85.04
	Total for Department 115		164.98*
POLICE	CITIZEN PUBLISHING C	ADVERTISING	50.00
POLICE	DAN'S OFFICE SUPPLY	SUPPLIES	15.38
POLICE	LAMPERTS YARDS, INC.	MAINTENANCE	12.78
POLICE	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	4,105.50
POLICE	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	22.50
POLICE	MN BUREAU OF CRIMINA	SUPPLIES	5.21
POLICE	MN WEST COLLEGE - CA	REGISTRATION	99.00
POLICE	COUNTRY PRIDE SERVIC	MAINTENANCE	499.08
POLICE	WINDOM TOWING CO	TIRES	436.58
	Total for Department 120		5,246.03*
FIRE DEPARTMENT	DAN'S OFFICE SUPPLY	SUPPLIES	44.87
FIRE DEPARTMENT	HEIMAN FIRE EQUIP. C	MAINTENANCE	178.70
FIRE DEPARTMENT	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
FIRE DEPARTMENT	WINDOM FARM SERVICE	MAINTENANCE	4.96
	Total for Department 125		235.03*
EMERGENCY MANAGEMENT	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	200.00
	Total for Department 130		200.00*
ANIMALS	COTTONWOOD-SLAYTON V	VETERINARY SERVICE	128.25
	Total for Department 135		128.25*
STREET	CITIZEN PUBLISHING C	ADVERTISING	335.65
STREET	DAN'S OFFICE SUPPLY	SUPPLIES	92.15
STREET	ENVIROSIDE	TESTING	700.00
STREET	ERICKSON OIL CO	GAS	163.45
STREET	FOX BROTHERS	MAINTENANCE	387.45

CITY OF WINDOM
 FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
STREET	GCC ALLIANCE CONCRET	MAINTENANCE	49.96
STREET	HOMETOWN SANITATION	HAUL GARBAGE	130.85
STREET	JOHNSON HARDWARE	MAINTENANCE	13.57
STREET	LAMPERTS YARDS, INC.	MAINTENANCE	36.68
STREET	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
STREET	MILLS & MILLER, INC	SALT	3,116.42
STREET	M R PAVING & EXCAVAT	MAINTENANCE	1,086.36
STREET	NAPA AUTO PARTS	MAINTENANCE	95.07
STREET	PRAXAIR DISTRIBUTION	SERVICE	23.25
STREET	VALLEY ASPHALT PRODU	MAINTENANCE	624.83
STREET	WENCK ASSOCIATES, IN	SEAL COAT	912.00
STREET	COUNTRY PRIDE SERVIC	DISCOUNT FOR FUEL PER CO	-37.50
STREET	COUNTRY PRIDE SERVIC	MAINTENANCE	484.00
	Total for Department 140		8,220.69*
HEALTH & SANITATION	CITIZEN PUBLISHING C	ADVERTISING	1,182.30
HEALTH & SANITATION	KDOM RADIO	ADVERTISING	200.00
	Total for Department 145		1,382.30*
RECREATION	CITIZEN PUBLISHING C	ADVERTISING	105.70
RECREATION	WINDOM COMMUNITY EDU	AD	300.00
	Total for Department 150		405.70*
PARKS	CITIZEN PUBLISHING C	ADVERTISING	107.90
PARKS	DAN'S OFFICE SUPPLY	SUPPLIES	190.11
PARKS	ERICKSON OIL CO	GAS	94.58
PARKS	HOMETOWN SANITATION	HAUL GARBAGE	148.00
PARKS	LANDSCAPE STRUCTURES	MAINTENANCE	339.23
	Total for Department 165		879.82*
	Total for Fund 01		17,324.81*
	AMUNDSON DIG	BOB CHRISTOPHERSON PROJE	430.00
	GCC ALLIANCE CONCRET	BOB CHRISTIPHERSON PROJE	60.71
	GCC ALLIANCE CONCRET	HAPPY CHEF PROJECT	92.20
	HYDRO TECH SERVICE	BOB CHRISTOPHER PROJECT	500.00
	HYDRO TECH SERVICE	MAINTENANCE-HAPPY CHEF P	800.00
	ODDSON UNDERGROUND	BOB CHRISTOPHERSON PROJE	2,800.00
	ODDSON UNDERGROUND	HAPPY CHEF PROJECT	3,200.00
	HD SUPPLY WATERWORKD	BOB CHRISTIPHERSON PROJE	613.63
	HD SUPPLY WATERWORKD	HAPPY CHEF PROJECT	1,295.25
	Total for Department		9,791.79*
	Total for Fund 02		9,791.79*
LIBRARY	CENTER POINT LARGE P	BOOKS	20.97
LIBRARY	CITIZEN PUBLISHING C	ADVERTISING	98.00
LIBRARY	COTTONWOOD COUNTY SO	RECYCLING PICK UP	12.00
LIBRARY	DAN'S OFFICE SUPPLY	SUPPLIES	119.99
LIBRARY	GALE	BOOKS	237.72

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIBRARY	JOAN HUNTER	POSTAGE	39.82
LIBRARY	INGRAM	BOOKS	2,956.75
LIBRARY	J & K WINDOWS	CLEANING	20.00
LIBRARY	KDOM RADIO	ADVERTISING	68.00
LIBRARY	MICROMARKETING	BOOKS & AUDIO	424.38
LIBRARY	RECORDED BOOKS, LLC	AUDIO	58.20
LIBRARY	READERS SERVICE	BOOKS	40.22
LIBRARY	SEBCO BOOKS	BOOKS	508.41
LIBRARY	TASTE OF HOME	BOOK	10.00
LIBRARY	WINDOM AREA SCHOOLS	AD	50.00
LIBRARY	MIDWEST HOME	SUBSCRIPTION	24.95
LIBRARY	AGRI NEWS	SUBSCRIPTION	25.00
LIBRARY	FARM COLLECTOR	SUBSCRIPTION	34.95
LIBRARY	SMART MONEY	SUBSCRIPTION	26.00
LIBRARY	VICTORIA	SUBSCRIPTION	19.98
LIBRARY	DISNEY MOVIE CLUB	MOVIES	50.66
	Total for Department 171		4,846.00*
	Total for Fund 03		4,846.00*
	DIAMOND VOGEL PAINT	STRIPPER-LINE LAZER	6,972.50
	Total for Department		6,972.50*
	Total for Fund 04		6,972.50*
AIRPORT	GDF ENTERPRISES, INC	MAINTENANCE	12.18
	Total for Department 174		12.18*
	Total for Fund 11		12.18*
POOL	CITIZEN PUBLISHING C	ADVERTISING	98.00
POOL	HEARTLAND PAPER COMP	SUPPLIES	120.44
POOL	WINDOM COMMUNITY	EDU AD	375.00
	Total for Department 175		593.44*
	Total for Fund 12		593.44*
AMBULANCE	LEWIS FAMILY DRUG #5	SUPPLIES	62.29
AMBULANCE	HIGLEY FORD SALES	MAINTENANCE	23.25
AMBULANCE	KDOM RADIO	ADVERTISING	68.00
AMBULANCE	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
AMBULANCE	PRAXAIR DISTRIBUTION	SERVICE	230.39
AMBULANCE	WINDOM FARM SERVICE	MAINTENANCE	67.32
	Total for Department 176		457.75*
	Total for Fund 13		457.75*
MULTI-PURPOSE BUILDI	A & B BUSINESS EQUIP	MAINTENANCE	119.41
MULTI-PURPOSE BUILDI	CITIZEN PUBLISHING C	ADVERTISING	663.60
MULTI-PURPOSE BUILDI	COLE PAPER INC.	SUPPLIES	285.43

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MULTI-PURPOSE BUILDI	SUNSHINE FOODS	SUPPLIES	83.71
MULTI-PURPOSE BUILDI	HOMETOWN SANITATION	HAUL GARBAGE	103.03
MULTI-PURPOSE BUILDI	KDOM RADIO	ADVERTISING	301.40
MULTI-PURPOSE BUILDI	MARTIN'S FLAG COMPAN	SUPPLIES	286.28
MULTI-PURPOSE BUILDI	MN AWWA	HOSPITALITY FEE	35.00
MULTI-PURPOSE BUILDI	STONER INDUSTRIAL, I	SERVICE	84.22
MULTI-PURPOSE BUILDI	WERNER ELECTRIC	MAINTENANCE	139.46
MULTI-PURPOSE BUILDI	WORTHINGTON DAILY GL	ADVERTISING	190.00
	Total for Department 177		2,291.54*
	Total for Fund 14		2,291.54*
LIQUOR	ENVIROMASTER, INC.	SERVICE	39.54
LIQUOR	CITIZEN PUBLISHING C	ADVERTISING	161.70
LIQUOR	CULLIGAN	SERVICE	8.35
LIQUOR	DAN'S OFFICE SUPPLY	SUPPLIES	189.05
LIQUOR	HOLT'S CLEANING SERV	CLEANING	300.00
LIQUOR	HOMETOWN SANITATION	HAUL GARBAGE	48.06
LIQUOR	RON'S ELECTRIC INC	MAINTENANCE	28.42
LIQUOR	S&K LINES	FRBIGHT	657.20
LIQUOR	AUTOMATIC DOOR GROUP	MAINTENANCE	244.45
	Total for Department 180		1,676.77*
	Total for Fund 60		1,676.77*
	HD SUPPLY WATERWORKD	MAINTENANCE	398.26
	Total for Department		398.26*
WATER	CITIZEN PUBLISHING C	ADVERTISING	182.70
WATER	DICKS WELDING	MAINTENANCE	39.24
WATER	HAWKINS, INC	CHEMICALS	2,772.60
WATER	GCC ALLIANCE CONCRET	MAINTENANCE	1,589.30
WATER	HENRY'S WATERWORKS,	MAINTENANCE	323.85
WATER	HOMETOWN SANITATION	HAUL GARBAGE	85.04
WATER	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	21.00
WATER	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
WATER	MN VALLEY TESTING	TESTING	56.25
WATER	M R PAVING & EXCAVAT	MAINTENANCE	6,521.64
WATER	HD SUPPLY WATERWORKD	MAINTENANCE	190.48
WATER	SVOBODA EXCAVATING,	MAINTENANCE	3,563.50
WATER	FERGUSON WATERWORKS	SUPPLIES	80.28
WATER	HIGHWAY TECHNOLOGIES	MAINTENANCE	2,200.00
	Total for Department 181		17,632.38*
	Total for Fund 61		18,030.64*
	B & B TRANSFORMER	INVENTORY	5,130.00
	BORDER STATES ELECTR	INVENTORY	306.60
	J. H. LARSON	SUPPLIES/MAINTENANCE	79.00
	ODDSON UNDERGROUND	MAINTENANCE	13,069.51

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
	RON'S ELECTRIC INC	MAINTENANCE	592.25
	WERNER ELECTRIC	MAINTENANCE	-114.33
	WESCO DISTRIBUTION,	SUPPLIES	21,757.93
	STUART C IRBY CO	MAINTENANCE	12,476.61
	KATHY NICHOLS	UTILITY PREPAYMENT REFUN	125.00
	Total for Department		53,422.57*
ELECTRIC	COLE PAPER INC.	SUPPLIES	85.13
ELECTRIC	DAKOTA SUPPLY GROUP	MAINTENANCE	359.60
ELECTRIC	GODFATHER'S PIZZA	EXPENSE	27.77
ELECTRIC	HOMETOWN SANITATION	HAUL GARBAGE	84.75
ELECTRIC	KDOM RADIO	ADVERTISING	224.40
ELECTRIC	LAMPERTS YARDS, INC.	MAINTENANCE	32.73
ELECTRIC	LUCAN COMMUNITY TV I	MAINTENANCE	160.50
ELECTRIC	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
ELECTRIC	MESSER MACHINE & MFG	MAINTENANCE	60.94
ELECTRIC	MN DEPT OF COMMERCE	ASSESSMENT	879.99
ELECTRIC	PAMIDA	SUPPLIES	230.28
ELECTRIC	RESCO	INVENTORY	88.17
ELECTRIC	RETROFIT RECYCLING,	RECYCLING	572.53
ELECTRIC	SKARSHAUG TESTING LA	SUPPLIES	219.54
ELECTRIC	STONER INDUSTRIAL, I	SERVICE	68.20
ELECTRIC	WESCO DISTRIBUTION,	SUPPLIES	185.03
ELECTRIC	DEPARTMENT OF ENERGY	POWER COST	110,736.77
ELECTRIC	WINDOM AREA DEVELOPM	INDUSTRIAL DEVELOPMENT	1,200.00
	Total for Department 182		115,222.83*
	Total for Fund 62		168,645.40*
	HD SUPPLY WATERWORKD	MAINTENANCE	473.24
	Total for Department		473.24*
SEWER	CALIFORNIA CONTRACTO	SUPPLIES	148.50
SEWER	ENVIRONMENTAL TOXICI	TESTING	1,150.00
SEWER	ERICKSON OIL CO	GAS	11.76
SEWER	FEDERAL EXPRESS CORP	TRANSPORTATION	268.01
SEWER	HAWKINS, INC	CHEMICALS	1,542.74
SEWER	JIFFY-JR. PRODUCTS	SUPPLIES	265.30
SEWER	JOHNSON AUTO SERVICE	MAINTENANCE	288.33
SEWER	KDOM RADIO	ADVERTISING	235.90
SEWER	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	6.50
SEWER	MN ENVIRONMENTAL SCI	REGISTRATION	30.00
SEWER	MN VALLEY TESTING	TESTING	3,022.25
SEWER	DUANE W. NIELSEN	SERVICE	511.31
SEWER	HD SUPPLY WATERWORKD	MAINTENANCE	328.64
SEWER	FERGUSON WATERWORKS	SUPPLIES	80.29
	Total for Department 183		7,889.53*
	Total for Fund 63		8,362.77*

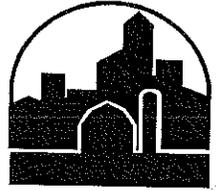
CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ARENA	AMERIPRIDE LINEN CO	SERVICE	70.79
ARENA	CENTER STOP	FUEL SALES	23.50
ARENA	CITIZEN PUBLISHING C	ADVERTISING	420.00
ARENA	COCA-COLA BOTTLING C	MERCHANDISE	191.20
ARENA	SUNSHINE FOODS	SUPPLIES	53.36
ARENA	HEARTLAND PAPER COMP	SUPPLIES	287.64
ARENA	HOMETOWN SANITATION	HAUL GARBAGE	130.88
ARENA	KDOM RADIO	ADVERTISING	74.00
ARENA	LAMPERTS YARDS, INC.	MAINTENANCE	6.71
ARENA	MN AWWA	HOSPITALITY FEE	35.00
ARENA	NORTHLAND CHEMICAL C	SUPPLIES	92.07
ARENA	STONER INDUSTRIAL, I	SERVICE	9.55
ARENA	TONY'S BACKHOE & GRA	MAINTENANCE	570.00
	Total for Department 184		1,964.70*
	Total for Fund 64		1,964.70*
ECONOMIC DEVELOPMENT	BRADLEY & DEIKE, P.A	PROFESSIONAL SERVICE	1,088.00
ECONOMIC DEVELOPMENT	CITIZEN PUBLISHING C	ADVERTISING	140.00
ECONOMIC DEVELOPMENT	SUNSHINE FOODS	SUPPLIES	41.60
ECONOMIC DEVELOPMENT	LUCAN COMMUNITY TV I	MAINTENANCE	70.00
ECONOMIC DEVELOPMENT	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	31.50
ECONOMIC DEVELOPMENT	WINDOM QUICK PRINT	SUPPLIES	270.53
	Total for Department 187		1,641.63*
	Total for Fund 67		1,641.63*
RIVERBLUFF ESTATES	BRADY POWERS	MOWING	155.00
RIVERBLUFF ESTATES	UNITED PRAIRIE BANK	LOAN PAYMENT	641.48
	Total for Department 166		796.48*
	Total for Fund 68		796.48*
	MUKTAR ABDULRAHIM	REFUND-STATEMENT CREDIT	.28
	TAMI BOLTON	REFUND - STATEMENT CREDI	.84
	BETTY LYDELL	REFUND - STATEMENT CREDI	.85
	KATHY NICHOLS	REFUND-STATEMENT CREDIT	1.24
	Total for Department		3.21*
TELECOMMUNICATIONS	AT & T	USAGE CHARGES	157.50
TELECOMMUNICATIONS	CNA SURETY	SERVICE	250.00
TELECOMMUNICATIONS	DISH NETWORK	SERVICE	3,400.00
TELECOMMUNICATIONS	SUNSHINE FOODS	SUPPLIES	23.95
TELECOMMUNICATIONS	GRAYBAR ELECTRIC CO	EQUIPMENT	794.42
TELECOMMUNICATIONS	KDOM RADIO	ADVERTISING	160.00
TELECOMMUNICATIONS	MCDONALD & SCHRAMEL	LEGAL FEES/WARRANTY DEED	31.50
TELECOMMUNICATIONS	MN DEPT OF COMMERCE	ASSESSMENT	155.59
TELECOMMUNICATIONS	NATIONAL CABLE TV CO	EQUIPMENT	48.38
TELECOMMUNICATIONS	NEW STAR SALES & SER	COPIER MAINTENANCE	35.00
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	DIRECTORY LISTING	191.98

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
TELECOMMUNICATIONS	ONVOY, INC	BANDWIDTH BILLING	1,048.59
TELECOMMUNICATIONS	ONVOY, INC	WHOLE 800 SWITCH	1,552.50
TELECOMMUNICATIONS	RETROFIT RECYCLING,	RECYCLING	109.10
TELECOMMUNICATIONS	RPD TV	SUBSCRIBER	195.58
TELECOMMUNICATIONS	SOUTHWEST/WEST CENTR	SERVICE	833.33
TELECOMMUNICATIONS	SUBWAY	EXPENSE	36.34
TELECOMMUNICATIONS	STONER INDUSTRIAL, I	SERVICE	38.26
TELECOMMUNICATIONS	ZAYO BANDWIDTH	BANDWIDTH BILLING	5,492.14
TELECOMMUNICATIONS	MUKTAR ABDULRAHIM	REFUND-STATEMENT CREDIT	4.18
TELECOMMUNICATIONS	TAMI BOLTON	REFUND - STATEMENT CREDI	44.26
TELECOMMUNICATIONS	BETTY LYDELL	REFUND - STATEMENT CREDI	12.37
TELECOMMUNICATIONS	KATHY NICHOLS	REFUND-STATEMENT CREDIT	18.07
TELECOMMUNICATIONS	GLADYS ONUKOH	REFUND - STATEMENT CREDI	6.33
	Total for Department 199		14,639.37*
	Total for Fund 69		14,642.58*
COLONIAL LIFE INSURA	INSURANCE		8.82
	Total for Department		8.82*
	Total for Fund 70		8.82*
	Grand Total		258,059.80*

MEMORANDUM



CITY OF WINDOM
444 9th Street
Windom, MN 56101
Phone: 507-831-6129
Fax: 507-831-6127
www.windom-mn.com

TO: Mayor and City Council
FROM: City Administrator *Steven*
DATE: June 11, 2009
RE: LMC Annual Meeting and Vacation Dates

The League of Minnesota Cities Annual Meeting is being held in St. Cloud on June 23, 24 and 25th. If you are interested in attending this event please contact me at your earliest convenience and I can make the necessary arrangements. I am planning to attend this conference.

In addition, I will be taking some vacation time with my family from June 28th – July 2nd and from July 19th – 23rd. During this time I will be periodically checking e-mail and will be available via cell phone at 319-321-2637. In my absence, Brigitte Olson, Assistant City Administrator, will be available to assist you and will be attending the July 20th City Council meeting.



You Are Invited To The

Southwest Regional
Development Commission's



ANNUAL MEETING

Thursday, July 8, 2010

4:00 p.m. Meeting Followed by Dinner

Minnesota West Community & Technical College

(Commons Area/Worthington Campus)

1450 Collegeway, Worthington, MN 56187

Guest Speaker:

Laurie Thompson, Deputy Executive Director
National Association of Development Organizations

Ms. Thompson will speak of NADO and the programs it is currently undertaking to promote regional development in some of the Nation's most distressed and often rural areas.

(\$15.00 per person payable to the SRDC)

Please Clip and Return the RSVP form below by 6-24-10.

(Pre-registration is necessary)

If questions contact Rhonda at the SRDC Office 507-836-1644.

****SRDC Full Commission Business Meeting will be held
at 2:30 p.m. prior to the Annual Meeting****

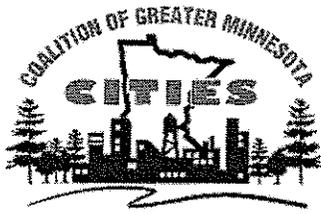
Name(s) _____ Ph# _____

Representing _____

I will be attending the SRDC Annual Meeting on July 8, 2010 at Minnesota West.
Enclosed is my check. Cost is \$15.00 / per person payable to the Southwest
Regional Development Commission (includes dinner).

IF ATTENDING, PLEASE RETURN THIS FORM AND PAYMENT BY 6-24-10 TO:

Southwest Regional Development Commission
2401 Broadway Avenue, Suite 1
Slayton, Minnesota 56172



Coalition of Greater Minnesota Cities

CGMC in Brief

June 10, 2010

Contact: Tim Flaherty
651-225-8840

City visits net positive conversations on CGMC advocacy efforts

Over the past two weeks, CGMC lobbyists have been hitting the road to meet with city councils and discuss CGMC's efforts during the 2010 legislative session. Already, staff has met with the cities of Benson, Detroit Lakes, East Grand Forks, Hawley, Hinckley, Luverne, Moorhead, St. Peter, Staples, and Wadena. These meetings have been a very productive opportunity for CGMC members to learn about the local impacts of the session and the importance of CGMC's advocacy efforts moving forward.

CGMC lobbyist Tim Flaherty has also met with key legislators such as Rep. Morrie Lanning (R-Moorhead) and Rep. Paul Marquart (DFL-Dilworth) while traveling the state, and discussed their views of the session and the outlook for 2011. Additionally, while in Moorhead Flaherty met with Forum Communications Opinion Editor Jack Zaleski and had a very positive conversation about the importance of the 2010 elections in terms of greater Minnesota's economic future. CGMC staff will continue meeting with member cities throughout the summer.

Successful southern MN media tour to turn attention to northern cities

In a previous edition of the CGMC in Brief, we reported that CGMC lobbyist Tim Flaherty, senior policy analyst Steve Peterson, and senior media advisor Glen Fladeboe toured southern Minnesota media outlets to speak with newspaper editors about the importance of asking gubernatorial candidates about their vision for greater Minnesota and the future of LGA. These meetings netted several positive editorials and conversations. Cities on the tour included Winona, Rochester, Albert Lea, New Ulm, Worthington, and Mankato. Next week, the group will hit the road again to tour the northern part of the state and are planning stops in Virginia, Grand Rapids, Bemidji, Crookston, East Grand Forks, Fergus Falls, and Detroit Lakes.

REMINDER: Summer conference scheduled for Aug. 18 – 20 in Winona

As CGMC staff finalize details and speakers for the CGMC summer conference, now is a great time to remind you that the annual event will be held August 18 – 20 in Winona, so mark your calendars if you haven't already! This year's conference will feature candidate forums for statewide offices including the governor and state auditor races. Questions will focus on the candidates' visions for greater Minnesota, the future of local government aid in light of the state's budget deficit, and other specific issues that greater Minnesota cities face. In addition to the candidate forums, the summer conference always features informative presentations on CGMC's advocacy efforts in the previous session and discussions on the outlook for next year. Members also set CGMC's budget and assessments during the membership meeting on August 20. Save the date and stay tuned for registration materials!



**RSVP for CGMC's
annual breakfast at
League conference
in St. Cloud**

Join your fellow city officials and CGMC staff at the annual CGMC breakfast at the League of Minnesota Cities conference in St. Cloud for a brief recap of the 2010 legislative session and a preview of the summer conference in Winona. This will be a great opportunity to hear about the challenges that will be facing cities in 2011 and to begin discussing ways to address them. The meeting will be held Friday, June 25 at 7:00 a.m. in the Wilson Suite of the St. Cloud Civic Center; breakfast will be served. CGMC members are encouraged to invite non-members who might be interested in learning more about the CGMC.

Please RSVP for the CGMC breakfast with Colleen Millard at cfmillard@flaherty-hood.com.

**CAP announces
grant-funded fall
internship program**

The Community Assistantship Program (CAP) has announced a fall 2010 grant program. The grant will allow rural communities to hire a student to work on a project defined by those communities. The deadline for project proposals is June 30, 2010. Approved projects will run from August 30, 2010 to January 12, 2011.

Winning communities will review job applications and select the student who best meets their needs. For details on the program and how to apply, visit: <http://www.cura.umn.edu/Programs/ApplicationProcess.php>. Eligible organizations include community groups, organizations, and local governments outside the seven county metro.



City budget cuts mean fewer cops on the beat



By Tami Luhby, senior writer

May 26, 2010: 4:35 AM ET

NEW YORK (CNNMoney.com) -- Better hope your car isn't stolen or your home burglarized in Huntington Beach, Calif.

Tight fiscal times have forced the police department there to cut back on investigating certain crimes, including those involving property, unless there are hard leads. Detectives once dedicated to those incidents have been reassigned to patrol.

The Huntington Beach police agreed to slash \$1 million from its \$58 million budget earlier this year to help close a \$4 million city budget gap. The department has been unable to replace the 22 officers who retired in recent years, leaving it with a force of 237.

"We don't have the personnel to follow up

anymore," said Lt. Russell Reinhart, a department spokesman, adding the department shed \$3 million from its budget last year and plans to trim another \$1 million in the coming year. "There's nothing left to do but cut services."

Putting the squeeze on police departments shows just how desperate city officials have become as they struggle to balance their budgets amid declining tax revenue and state aid. Having already slashed spending on social services, education and recreation, many are forced now to turn to the previously untouchable area of public safety.

Some 22% of local elected officials said they are making cuts in public safety, according to a National League of Cities report released Monday. This is up from 14% reported in a similar survey in December.

"It's usually one of the last considerations," said Christiana McFarland, a League program director. "The repercussions are big in terms of safety and quality of life."

Cities across the nation are reducing

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services and imposing pay cuts, furloughs and even layoffs on their men and women in blue, said Ron York, a police union consultant for the past two decades.

"This is one cycle where the police are the target," York said.

Tulsa, Okla., and Cincinnati, Ohio, for example, recently laid off dozens of officers. In West Palm Beach, Fla., the police protested a new contract that cut back on pay and benefits.

A drop in state aid is forcing Egg Harbor Township, N.J., to lay off up to nine of its 86 officers.

As a result, two juvenile crime detectives and two officers assigned to schools had to be put back on patrol, said Detective Ray Theriault, president of the Mainland Policeman's Benevolent Association Local #77. The municipality also had to eliminate its traffic safety bureau, which investigated fatal accidents and coordinated DWI checkpoints, and reassigned two other detectives.

This comes after the officers agreed to give up \$1.2 million in overtime, raises, clothing allowance and other benefits to help the municipality balance its budget, which was \$33.4 million last year.

"Our detective bureau is down to levels from the 1980s," Theriault said. "It really hampers our ability to do criminal investigations."

Township administrator Peter Miller declined to comment.

Small cities aren't the only ones suffering. In

Dallas, city officials are turning to the police department to help close a \$130 million budget gap. Among the suggestions: officers taking furlough days, as other city workers do; cutting overtime by a quarter; and trimming pay by 2%.

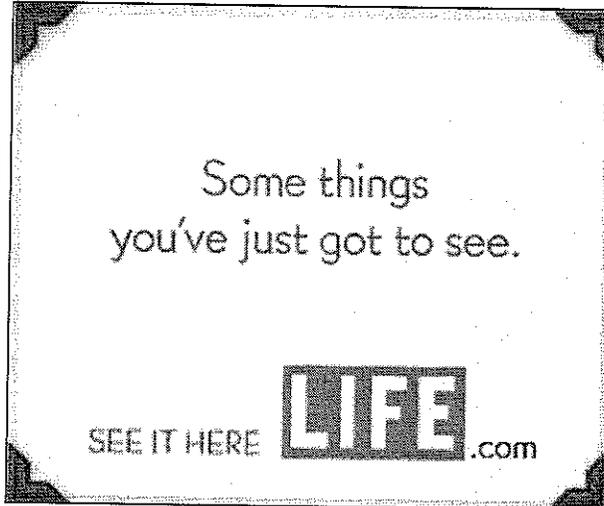
Though Dallas has been slashing services in recent years, the police department has been largely spared. But now, city officials have few other places to turn.

"In recent memory, public safety hasn't received the level of budget cuts that are being considered," said Frank Libro, the city's public information director.

Dallas officers, however, aren't keen on the idea of taking unpaid days off. Each furlough day would mean 80 fewer officers on the street, said Senior Cpl. Michael Walton, head of the Dallas Fraternal Order of Police. That could hurt crime prevention efforts.

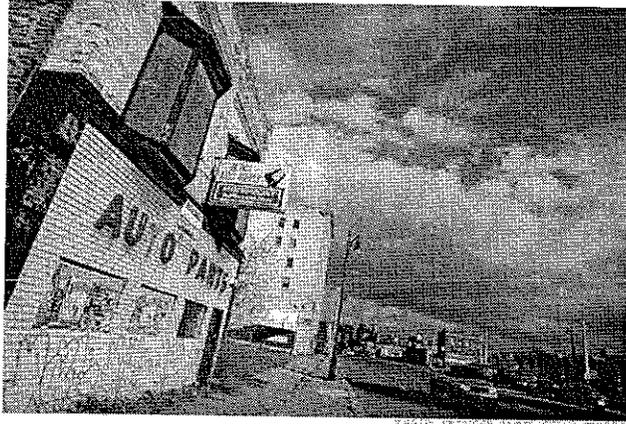
"That one officer could be the one who passes a robbery in progress," Walton said.

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Three American cities on the brink of broke



By Sara Behunek, contributor

May 28, 2010: 1:06 PM ET

FORTUNE -- Several downtrodden cities are on the verge of defaulting on their debt, putting financially encumbered states and taxpayers on the hook to pick up the tab. The National League of Cities says municipal governments will probably come up \$56 billion to \$83 billion short between now and 2012. That's the tab for decades of binge spending; municipal defaults could be our collective hangover.

Municipal bonds, issued to fund public projects such as roads and public buildings, have historically been seen as one of the safest places to invest, which is why 80% of municipal bond holders are individual households and mutual fund investors, explains Jeffrey Cleveland, municipal bond analyst at Payden & Rygel Investment

Management.

The average five-year cumulative default rate for investment-grade municipal bonds is less than half a percent, according to Moody's data. That's about one-third the amount of corporate debt defaults.

But municipal defaults are on the rise, and the trend is expected to continue. Last year 183 borrowers -- mostly "risky" municipal issuers, such as suburban developers in Florida -- were unable to make \$6.4 billion of payments. That's way up from 31 defaults on \$348 million just two years earlier, according to Distressed Debt Securities.

In the past year only one city has actually defaulted: Menasha, Wis. (Warrens, Wis. narrowly averted a default by agreeing to forbearance on a state loan.) But that could increase, says Matt Fabian, managing director at Municipal Market Advisors.

Rampant unemployment, tepid consumer spending, and deeply underfunded public pensions are the leading causes of the balance sheet issues cities are having today.

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But years of political chicanery and poor financial decision-making by city officials are what led to this problem.

These three municipalities have perhaps the most tenuous grips on staying in the black, thanks to all the above factors:

Jefferson County, Ala.

Jefferson County, Alabama's most populous county, with some 665,000 residents, is shouldering about \$5 billion of debt, most of which was issued to overhaul its sewer system in the mid-1990s. But the county's real troubles stem from a 2003 refinancing of the original fixed-rate bonds and a corrupt local government that accepted kickbacks in exchange for mangling the county's portfolio.

In an effort to benefit from lower interest rates, the county switched to floating-rate bonds, much like the variable-rate mortgages that clobbered the housing industry. It also bought billions in interest rate swaps, complex financial vehicles intended to hedge against changing interest rates. Needless to say, those instruments didn't perform as advertised and actually ended up costing the county more in fees.

Most of Jefferson County's bonds are guaranteed by insurers Financial Guaranty Insurance Corp. and Syncora. But those insurers also overextended themselves during the boom. Syncora was unable to pony up its share of a \$71 million payment due last year, and now without a net, Jefferson County has warned that a Chapter 9 bankruptcy may be in the cards.

Harrisburg, Penn.

Pennsylvania's capital owes \$68 million in bond interest payments this year -- \$3 million or so more than its entire annual budget. The Harrisburg Authority, the governing body that issued the bonds to construct a state-of-the-art trash incinerator, has already been unable to make several payments, and now the county government, which footed the bill last year for a \$775,000 swap fee, is suing for the funds.

The authority is also indebted to the owner of the trash-burning facility, Coventa Energy, to the tune of \$20 million. In April the authority also missed a \$637,500 payment to Coventa, and is now in the process of negotiating a forbearance.

The mayor has said the city won't declare bankruptcy, but the governor has vowed not to bail Harrisburg out, leaving everyone wondering what options are left. In the meantime, the city is sifting through its assets, some of which include arcane Western artifacts purchased by the previous mayor with public funds, to see whether

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there's anything they can put on eBay before the next payment comes due.

Detroit

To make up for a 2010 budget shortfall of \$280 million, Detroit issued \$250 million of 20-year municipal notes in March. The issuance followed on the heels of a warning from city officials that if its financial state didn't improve, it could be forced to declare bankruptcy. Nonetheless, demand for the bonds was high, thanks in large part to a guarantee that the state would make the payments if the city became insolvent. Michigan has already proved that it has few qualms about stepping in. In early 2009 the state took over the Detroit Public School System, which was facing a budget deficit of more than \$300 million. Now a governor-appointed "emergency financial manager" oversees every penny spent.

Bankruptcy and contagion risk

There's no standard operating procedure for a city or county default. In some cases the state steps in with a loan, and in others the city or county will declare bankruptcy, though that is rare. "There isn't the legal obligation," says Carl Dincesen, an independent tax-exempt-bond risk consultant.

Bankruptcy may not even be the best option, or the most efficient. The city of Vallejo, Calif. has been in Chapter 9 bankruptcy for two years. "Chapter 9 should be a final step, not a first option," Cleveland says. It opens a city up to seizure of public and perhaps even of private property, judicial oversight of city spending, state assumption of the debt, and a lien tax revenues.

Because of the rarity of such bankruptcy filings, experts seem to agree that a Greek-like contagion threat, in which exposure to bondholders is so great that a large-scale default or bankruptcy would cause a massive financial seizure, isn't likely in the U.S.

Still, a major default or bankruptcy would be a shock, just as Orange County's bankruptcy shook investor confidence in 1994. "Because economic growth prospects are bleak, [a bankruptcy would] drain resources away from service divisions and infrastructure finance," says Fabian. "It's going to be a drag on economic growth."

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The Wizards financing uses subordinate, capital appreciation bonds (CABs) with a "Turbo" redemption feature. The existing STAR bonds are estimated to be totally prepaid in approximately 2013. As the existing bonds access all sales tax revenues, no revenues are available for any debt service toward the Wizard STAR bonds until 2014.

The CAB structure permits no interim

interest payments for a period of years to allow for the retirement of the existing bonds. With uncertainty as to when the existing bonds will actually be fully retired, the Wizards bonds have one maturity in 2021. A Turbo redemption feature allows for the optional bond prepayment at any time without penalty. Therefore, once the existing bonds are repaid, the Wizards bonds will be

"Turbo-ed" until fully repaid, currently estimated to occur in 2019.

This project brings to Kansas City, Kansas another major entertainment/tourism facility, a significant boost in jobs at very good income levels and recreational opportunities for area youth. It is the continuation of the City's effort to build its community in new ways. Springsted serves as financial advisor to the City.

OPERATIONAL FINANCE GROUP

Revenue Diversification: Finding New Sources of Money

Local governments have traditionally relied on property taxes and intergovernmental revenues to finance a large share of their general fund operations. However, the current economic situation has resulted in these primary revenue sources being reduced for many local governments. Revenue diversification can be part of a solution to revenue shortfall problems. Revenue diversification involves developing alternative sources of revenues which could include user fees, franchise fees, new enterprise operations, cost recovery, and service fees.

Existing user fees can be reviewed to ensure they recover all the direct and indirect costs associated with providing each service. You can also review other services you provide to determine where it may be possible to charge a user fee for that service.

It may be possible to charge a franchise fee on utilities you operate and those operated by others within the boundaries of your corporate limits. Franchise fees can be based on the costs you incur because of the presence of utilities within your right-of-way.

New enterprise funds can be created to pay for services currently included in the general fund, such as storm water, street lighting, and others.

Cost recovery is the process of charging enterprise funds a fee for the services the general fund provides to them. These include costs associated with providing management, legal, accounting, utility billing, and other services.

Some states allow you to impose fees to pay for services typically paid from the general fund. Service fees imposed by some local governments include snow, ice and rubbish removal from streets, repair

of sidewalks and alleys, tree trimming, and other services.

Revenue diversification can reduce your reliance on property taxes and intergovernmental revenues providing more local control and reduced volatility in general fund revenues. In the current economic climate, they may make sense for your local government.

By Nicholas R. Dragisich

Executive Vice President
and Consultant

ndragisich@springsted.com



By Patricia L. Kettles

Vice President and Director
of Quantitative Services

pkettles@springsted.com



PUBLIC EDUCATION GROUP

Shared Services Study

Unprecedented financial challenges facing school districts demand new approaches for how the business of education is conducted. In addition, recent legislation has been proposed to require school districts to plan and cooperate across boundaries in order to improve cost-effectiveness. Learning to share – on the top ten list in "All I Really Need to Know I Learned in Kindergarten" – is not easy and historically has not really been necessary. Times have changed.

Five school districts in East Central Minnesota took a proactive step to understand how they could reduce costs by sharing services. These school districts contracted with Springsted to study and determine whether or not potential existed to achieve enhanced efficiency, effectiveness and cost savings through future collaboration, cooperation

or sharing of the broad range of administrative services.

To begin the study, Springsted held a group meeting to gather suggestions for collaboration and cooperation, followed by structured interviews with the appropriate stakeholders to further define the needs and potential for sharing services. Along with the interviews, enrollment, operational costs and other data were collected on each school district to formulate eight general findings and recommendations for the districts.

The five school districts are in the early stages of implementing Springsted's recommendations, starting with the "low hanging fruit" in terms of obvious benefits, lower risk and least disruption. Recently, two of the five school districts jointly issued a request for a proposal for professional services based on one of

the recommendations. Savings that will result from implementing this cooperative program alone will save the participating districts more than four times the cost of the study.

Springsted's Management Consulting Services has a wide range of planning strategies and tools to help school districts meet challenges, solve their problems and more effectively achieve their mission. We encourage you to contact a client representative if you would like more information.

By DeeDee Kahring

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Key 2010 Provisions

Key Provisions of the Health Care Reform Law Beginning in 2010

Note: This page was updated on June 9, 2010. New information is in italics.

The following are provisions that have a more immediate impact on group health plans and may require the city's attention and/or action:

Early Retiree Reinsurance Program. This program provides temporary reimbursements for employers providing health insurance coverage to early retirees age 55 and older who are not eligible for Medicare to help offset the cost of providing this coverage. This program begins on June 1, 2010, and ends on Jan. 1, 2014.

Minnesota Statutes, section 471.61, subdivision 2b requires that early retirees be pooled with active employees for purposes of establishing premium rates. There is an impact on costs for employers and employees due to active employees subsidizing retiree coverage. This temporary program is designed to help offset some of those costs.

The amount available is 80 percent of claim costs for health benefits (e.g., medical, surgical, hospital, prescription drugs, mental health, etc.) between a threshold of \$15,000 and \$90,000. These limits apply and claims are filed for individual's costs. Employers cannot add two or more individuals together to attain the threshold. The health reform legislation allocated \$5 billion dollars for this program on a first come, first serve basis.

Local government employers are eligible for participation in this program, and it does not appear to be tied to whether an employer actually contributes toward the cost of coverage. Employers can use the savings to either reduce their own health care costs, provide premium relief to employees and families, or a combination of both.

To be eligible for the program, employer plans must have their applications approved, document claims, and implement programs and procedures that have the potential to generate cost savings.

The application process is scheduled to be released by the Department of Health and Human Services (HHS) mid- to late-June. *A draft application was released in early June by HHS. Preliminary indications are that employers will need to provide the following information as part of the application process:*

- Estimate of how much the employer expects to receive in reimbursement during a two years period.
- Programs that the employer has in place to reduce the cost of chronic and high-cost conditions.
- Information on how they plan to use the reimbursement.

A final application is scheduled to be available by the end of June.

Actions to be taken:

- Check to verify whether you have early retirees (between 55 and 65 who are not Medicare eligible) on your plan.
- Check with your insurance company to see if you can get individual retiree claims data. This may be difficult for fully insured plans—small cities especially—due to HIPAA privacy concerns.
- *Check with your insurance company about programs available to help reduce the cost of chronic and high-cost conditions. Cities with wellness programs should also check to see what programming they may offer to address high-cost conditions.*
- Establish a process or program for how reimbursements will be handled—plans may be audited for fiscal integrity.
- Sign up for updates on the **HHS healthreform website** (Link to: <http://www.healthreform.gov>) so you will know when the application is available.

Medical coverage expanded to age 26. The health reform legislation deals with two aspects of covering “adult children”—expanded coverage and federal tax consequences.

- Expanded coverage: Effective for plan years beginning after Sept. 23, 2010, dependent coverage is expanded to age 26 for those adult children regardless of financial dependency, full-time student status, or marital status. This applies to all group health plans, including medical, dental, health flexible spending accounts (health FSAs), health reimbursement arrangements (HRAs and VEBAs), etc. Minnesota law currently expands dependent coverage to age 25.

Many of the health plans are offering their groups the option to implement the change early. However, until the federal law goes into effect (after Sept. 23, 2010), cities may not technically be able to offer the expanded coverage early due to the definition of dependent under Minnesota Statutes, section 471.61, which is generally the authority for cities to cover dependents. As a practical matter, there may be reasons why cities want to consider early implementation. If your city is considering early implementation, the following are some issues to think about:

- *Fairness of the availability of coverage among employees for the calendar/plan year.*
- *Size of the employee group (how many potential employees affected).*
- *Administration of this benefit (e.g., terminating coverage and re-enrolling them at a later date).*
- *Budget concerns.*

Union contracts currently in place may also impact when cities can make this change. If you implement before the federal law goes into effect and prior to the end of the contract, then you may need to negotiate this change and get a Memorandum of Understanding (MOU) with the union before implementing for union employees.

Cities considering early implementation should consult with their city attorney to go over the legal implications of such a decision.

- Tax consequences: Effective March 31, 2010, group health plan coverage (including health flexible spending accounts and health reimbursement arrangements) provided to the employee’s “adult child” is now excluded from the employee’s income for **federal** income tax purposes. The tax benefit is available until the end of the calendar year in which the adult child turns age 26.

NOTE: Minnesota law was not amended during the 2010 legislative session to allow for this same tax benefit for purposes of state income tax. The Minnesota Department of Revenue has informally stated that the value of this benefit will need to be included as income for state income tax purposes until state law is amended.

Actions to be taken:

- Cease imputing income for federal income tax purposes (income tax, FICA, FUTA) beginning April 1, 2010. You will still need to impute income for adult children covered to age 25 from Jan. 1 to March 31, 2010, if they did not meet the requirements of a “qualified child” or “qualified relative” as previously defined in IRS regulations.
- *Continue imputing income for adult children covered under the health plan for MN state income tax purposes. Check with your payroll system if having difficulty doing this.*
- Evaluate the potential risks outlined previously if implementing early expansion of coverage.
- Check with your insurance company to see if there are any rate increase implications for this expanded coverage. This may be a factor in setting the city’s premiums at the next renewal.
- Check your plan documents (cafeteria plan, FSA, HRA/VEBA, etc.) to see if any changes need to be made in the definition of dependent to allow for reimbursements for “adult children.”
- *If reimbursement will be made for adult children to age 26 under the city’s HRA/VEBA or FSA, impute income for Minnesota state income tax purposes.*

Restrictions on lifetime limits and out-of-pocket maximums. Insurance companies and employers are prohibited from placing limits on lifetime maximums and “unreasonable” limits on annual out-of-pocket maximums. Employer sponsored health plans—whether fully insured or self-insured—which limit lifetime maximums will need to remove those limits for plan years beginning on or after Sept. 23, 2010.

Actions to be taken:

- Check with your insurance company to see what changes, if any, need to be made to your plan.
- If changes are needed, what will the cost implication be on your next renewal?

Pre-existing conditions for children. Pre-existing condition exclusions cannot be imposed for children under age 19. Health insurance companies are awaiting clarification from the federal government, but expect that coverage for children under 19 will be guaranteed issue (i.e., they will not be able to deny coverage for these individuals due to pre-existing conditions). Note: This protection extends to adults in 2014.

This provision is effective for plan years that begin on or after Sept. 23, 2010. Under HIPAA, most group health plans already limit pre-existing condition exclusions and waive the waiting period based on prior coverage.

Actions to be taken:

- Check with your insurance company to see what changes, if any, need to be made to your plan.
- If changes are needed, what will the cost implication be on your next renewal?

Tax credit for small employers. Small employers—those with fewer than 25 employees and with average wages of \$50,000 or less—that provide health coverage for employees may be eligible for a tax

credit beginning in 2010. The employer must contribute at least 50 percent of the total premium cost to be eligible for the credit.

Based on IRS guidance, this tax credit is also available to tax-exempt organizations that are a 501 (c) organization. Cities and other government employers generally will **not** qualify for this tax credit, *unless they are a 501 (c) entity*. Special rules apply for calculating the tax credit for tax-exempt employers.

Actions to be taken:

- None at this time

Other 2010 provisions:

- Coverage can only be rescinded due to fraud or misrepresentation by an individual. This is current Minnesota law.
- Creation of a federal high-risk pool for individuals.
- Rebate of \$250 for Medicare Part D beneficiaries who hit the coverage gap for prescription drugs in 2010.

—**Read about provisions beginning in 2011 and beyond** (*Link to: <http://www.lmc.org/page/1/latehealthreform.jsp>*)

—**Return to main Health Reform page** (*Link to: <http://www.lmc.org/page/1/health-care-reform.jsp>*)

Read the current issue of the Cities Bulletin (*Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>*)

Your LMC Resource

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Key Provisions: 2011 and Later

Key provisions of the health care reform law taking effect in 2011 and later

Key provisions beginning in 2011

- Disallow reimbursements for over-the-counter medications for health savings accounts (HSAs), flexible spending accounts (FSAs), and health reimbursement arrangements (HRAs or VEBAs).
- W-2 reporting on value of the benefits provided by the employer for each employee's health coverage. The first set of these forms will be due in 2012.
- Grants for businesses with 100 or fewer employees to implement new wellness programs.
- Other 2011 provisions:
 - Pharmaceutical company discounts for certain Medicare Part D beneficiaries.
 - Medicare Part D premium subsidies reduced for high income beneficiaries.
 - New tax on pharmaceutical industry.
 - New medical loss ratio (i.e., the amount of premiums that go to pay claims) requirements for health insurance companies.

Key provisions beginning in 2013

- Contributions to FSAs limited to \$2,500 annually, effective for plan years beginning on or after Jan. 1, 2013.
- Other 2013 provisions:
 - New tax on high-income individuals.
 - New tax on medical device manufacturers.
 - Phased-in reductions in out-of-pocket maximums paid by Medicare Part D beneficiaries.

Key provisions beginning in 2014

- Availability of insurance exchanges in each state that will serve as a marketplace in which individuals and small employer groups can purchase health care coverage.
- Guaranteed issue of medical coverage.
- Pre-existing condition limitations prohibited for adults (prohibition on pre-existing condition limitations on children go into effect for plan years on or after Sept. 23, 2010).
- Individuals will be required to have medical coverage or face a penalty.

- Employers with 50 or more employees required to pay a fee for employees who receive premium subsidies to purchase coverage through the exchange.
- Waiting periods for health coverage limited to no more than 90 days (effective for plan years beginning on or after Jan. 1, 2014).

Key provisions beginning after 2014

- **2017:** Each state determines whether it will allow larger employer group health plans (those with 101 employees or more) to purchase health insurance coverage through an Exchange.
- **2018:** New tax on high-cost plans (a.k.a. “Cadillac plans”).

—**Read about key provisions beginning in 2010** (*Link to: <http://www.lmc.org/page/1/2010healthreform.jsp>*)

—**Return to main Health Care Reform page** (*Link to: <http://www.lmc.org/page/1/health-care-reform.jsp>*)

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Announcing New League Resources

Budget Guide for Cities

The League's new *Budget Guide for Cities* is now available. This budget guide is intended to assist city managers, clerks, finance officers, and elected city officials in preparing 2011 city budgets. Each member city will receive a copy in the mail shortly.

This year's guide is in a new format. It only provides the list of items that are new this year, with statutory citations as well as some limited explanation. The goal of the guide is to provide awareness of only those new pieces of legislation, state or federal, which directly and significantly affect decisions to be made in budgeting this year. It also provides the latest changes to the truth-in-taxation process. And as usual, it will provide the current fuel excise tax forms, the latest mileage deductions, and other data that change annually. The more basic questions (e.g., how to budget, what is the statutory timeline for budgeting, etc.) are not in the guide this year. Instead, this information will be available, as always, in **chapter 21** ([Link to: http://www.lmc.org/media/document/1/chapter21.pdf](http://www.lmc.org/media/document/1/chapter21.pdf)) (pdf) and **chapter 22** ([Link to: http://www.lmc.org/media/document/1/chapter22.pdf](http://www.lmc.org/media/document/1/chapter22.pdf)) (pdf) of the *Handbook for Minnesota Cities*.

View the Budget Guide for Cities (pdf) ([Link to: http://www.lmc.org/media/document/1/budget_guide_for_cities.pdf](http://www.lmc.org/media/document/1/budget_guide_for_cities.pdf))

If you have questions or comments about the *Budget Guide for Cities*, contact **Jeanette Behr** at (651) 281-1228 or jbehr@lmc.org ([Link to: mailto:jbehr@lmc.org](mailto:jbehr@lmc.org)), or **Edward Cadman** at (651) 281-1229 or ecadman@lmc.org ([Link to: mailto:ecadman@lmc.org](mailto:ecadman@lmc.org)).

New memo on regulating special vehicles

The League has a new information memo, *Special Vehicles Operating on City Streets*. Cities are seeing new, non-traditional vehicles on their streets. This memo describes them, the applicable federal and state laws, how to regulate them on city streets, and identifies the vehicles cities may not regulate. An appendix has a handy chart to help you keep it all straight.

Cities have been regulating some vehicles for a long time, such as off-highway or recreational vehicles like ATV's and snowmobiles. Some newer vehicles starting to appear are neighborhood electric vehicles, motorized foot scooters and bicycles - including mini-varieties such as pocket bikes and mini-bikes. The memo has a section on vehicles used by pedestrians, such as wheelchairs, that may require cities to revisit their ordinances.

There are helpful photos to identify vehicles that may not be familiar, and two sample ordinances to guide you in drafting regulations for your city.

View Special Vehicles Operating on City Streets (pdf) ([Link to: http://www.lmc.org/media/document/1/special_vehicles.pdf](http://www.lmc.org/media/document/1/special_vehicles.pdf))

Information memo updates

The League has also made minor changes to two existing research memos to bring them into agreement with recent legislative changes. Those memos are *Public Purpose Expenditures* and *Special Assessment Guide*.

- **View Public Purpose Expenditures (pdf)** (Link to: <http://www.lmc.org/media/document/1/publicpurposeexpenditures.pdf>)
- **View the Special Assessment Guide (pdf)** (Link to: <http://www.lmc.org/media/document/1/sagtext.pdf>)

Read the current issue of the Cities Bulletin (Link to: <http://www.lmc.org/page/1/cities-bulletin-newsletter.jsp>)

Your LMC Resource

If you have questions about any of these resources, feel free to give League staff a call.

Contact Research Staff

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