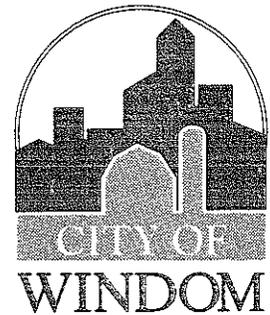


City Council Meeting
Tuesday, May 5, 2009
City Council Chambers
7:30 p.m.
AGENDA



Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes – April 21 & 29, 2009
2. Consent Agenda
 - Minutes
 - Community Center Commission – April 27, 2009
 - Utility Commission – April 29, 2009
3. Public Comment
 - Frank Dorpinghaus
4. Department Heads
5. 2009 Street Project
 - Bond Sale – Ehlers & Associates
6. Assistance to Fireman Grant Applications
 - Countywide Communications
 - Rescue Vehicle
7. Park & Recreation Commission
 - Second Reading of Ordinance Amending Park and Recreation Commission
 - Ratify Park and Recreation Commission By-Law Revision
8. Regular Bills
9. Unfinished Business
10. New Business
11. Council Concerns
12. Board of Review Reminder – May 11, 2009
13. Adjourn



**Council Meeting
Windom City Hall, Council Chamber
April 21, 2009
7:30 p.m.**

1. Call to Order: The meeting was called to order by Mayor Kruse at 7:30 p.m.

2. Roll Call: Mayor: Kirby Kruse

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

Council Members Absent: None

City Staff Present: Steve Nasby, City Administrator; Bruce
Caldwell, Street Superintendent; Jim Kartes,
Building & Zoning Official; Al Baloun,
Recreation Director; Craig Mueller and Dennis
Johnson, Wenck & Associates and Jeremy
Rolfes, Telecom

Public Present: Frank Dorpinghaus

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Fast, second by Ray, to approve the April 7, 2009 minutes. Motion carried 5 – 0.

5. Consent Agenda:

Kruse said the Consent agenda contained the minutes from the following Boards and/or Commissions:

- Utility Commission – March 31, 2009
- Economic Development Authority – April 8, 2009
- Park & Recreation Commission – April 13, 2009
- Planning & Zoning Commission – April 14, 2009
- Library Board – April 14, 2009
- Street Committee – April 15, 2009

Correspondence was received from the Minnesota Department of Health regarding the requirements for the Consumer Confidence Report. Correspondence was also received from Stephanie Schwalbach regarding her resignation from the Parks & Recreation Commission.

Motion by Powers, second by Maricle, to approve the Consent Agenda. Motion carried 5 – 0.

6. Department Heads:

Bruce Caldwell, Street Superintendent, noted that the traffic barricades for the 4th Avenue project had been delivered and the work on the project would start the week of April 27th depending on the weather. The contractor will mill all of the streets and then begin the groundwork at the 4th Avenue Bridge and go north towards Highway 71. The second segment of work would be from the bridge south to 16th Street and then Langley Street and a portion of 3rd Avenue.

Messer asked if Pflughaupf Road would be milled as well. Caldwell confirmed it would be worked on as part of the project.

Caldwell said the Street Committee had met to discuss the options for the 2009 Seal-coat project. It was felt that the funds earmarked for seal coating could be better used to expand the patching activities on some streets whereby extending the life of the streets. Caldwell started meeting with the engineers to develop an inventory of the street conditions and will then work on a plan to prioritize street projects.

Motion by Powers, second by Ray, to rescind the motion made at the last meeting to re-bid the 2009 seal coat project. Motion carried 5 – 0.

7. 2009 Airport – Runway Reconstruction Project:

Craig Mueller and Dennis Johnson, Wenck Associates, introduced themselves and provided a detailed overview of the plans and specifications for the runway reconstruction project, seal-coating and other airport improvements.

Johnson noted that the plans included several alternates and options. The alternates could be included if the costs are within budget. The options included bituminous or concrete surfaces and different colorings for the concrete if that option was selected. The coloring of the concrete was discussed due to visibility and ice removal concerns. Johnson said the color options included a specification for darker concrete powder and possible color additives.

Caldwell said that he had spoken to the City of Worthington as they have a concrete runway and they do not experience any issues with icing so he has no concerns about using concrete.

Council member Messer introduced the Resolution No. 2009-20, entitled “RESOLUTION APPROVING PLANS AND SPECIFICATIONS AND ORDERING ADVERTISEMENT FOR BIDS FOR THE 2009 AIRPORT IMPROVEMENT PROJECTS” and moved its adoption. The resolution was

seconded by Powers and on roll call vote: Aye: Maricle, Messer, Powers, Ray and Fast. Nay: None. Absent: None. Resolution passed 5 – 0.

8. Park & Recreation Commission Recommendation – Membership and By-laws:

Al Baloun, Recreation Director, said that the Commission has recommended that the membership on the Commission be reduced from seven members to five. A copy of the ordinance establishing the Commission, an amendment to the ordinance and a copy of the proposed changes to the Commission's by-laws were included in the Council packet.

Nasby noted this was an ordinance so it would need a motion to pass this as a first reading.

Maricle asked about the language on the amendment. Nasby said that the change included the number of members otherwise the rest of the language was as it appeared in the original ordinance.

Motion by Maricle, seconded by Ray, to approve the first reading of Ordinance No. 133, 2nd Series as an amendment to Ordinance #278. Motion carried 5 -- 0.

9. MN DOT Detour Contract:

Nasby said that the contract from MN DOT was a reimbursement for wear on .65 miles of City streets (16th Street and Lakeview Avenue) being used by MN DOT for approximately 63 days. The detour would start when MN DOT posts the signs and ends when they remove the signs. Construction is expected to start on July 7, 2009.

Council member Messer introduced the Resolution No. 2009-21, entitled “RESOLUTION AUTHORIZING EXECUTION OF MINNESOTA DEPARTMENT OF TRANSPORTATION AGREEMENT FOR A DETOUR ROUTE” and moved its adoption. The resolution was seconded by Fast and on roll call vote: Aye: Messer, Powers, Ray, Fast and Maricle. Nay: None. Absent: None. Resolution passed 5 – 0.

10. Building Permit Fees Discussion:

Jim Kartes, Building Official, noted that a request was made at the last Council meeting to review building permit fees. Included in the Council packet is a memorandum, copy of the applicable section of the Minnesota State Building Code, Resolution 2001-34 setting the building permit fees and a comparison of fees charged by other communities. Kartes said that if the Council were to change the current 1994 fee structure the State of Minnesota would recommend or require the City to add fees for plumbing and HVAC (heating, ventilation and air conditioning) as well as adopt a higher priced 2003 fee schedule.

Powers asked if the Council were to change the fee schedule would this require the City to do it by ordinance in the future. Kartes said that is correct.

Kruse asked if the State can force the City to adopt the 2003 fee schedule. Kartes indicated that they could not.

Motion by Messer, seconded by Powers, to make no changes to the current City of Windom Building Permit fee schedule. Motion carried 5 – 0.

11. Regular Bills:

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

12. Unfinished Business:

Kruse noted the April 29th presentation on wind energy to the Utility Commission and asked if there were a majority of Council members planning to attend. Fast, Messer and Maricle said they are planning to attend. Nasby said the Council would need to schedule a special meeting or recess this meeting to April 29 at 10:00 a.m. in the Council Chamber. Kruse said he would prefer to recess the meeting. Consensus of the Council that the meeting should be recessed versus holding a special meeting. Nasby noted that neither the Mayor nor Mayor Pro Tem would be attending so an acting Mayor would need to be selected. Kruse asked Fast to be the acting Mayor for the joint meeting with the Utility Commission as she is the liaison and was the most certain on her plans for attendance.

Kruse said that the Council had discussed holding a special public meeting to discuss 2010 budget issues in late May. Nasby said the State legislature is scheduled to adjourn on May 18, but that may be optimistic as there are no budget bills passed yet. Powers and Kruse indicated that it would be difficult to discuss City budget issues until there was a clear direction by the legislature on local government aid. Kruse said the Council could set a special meeting at their upcoming May 19 meeting.

13. New Business:

Fast said that she has had a few complaints about outdoor storage and junk in yards. As Spring Clean-up is coming up shortly it is an opportune time for residents to clean up their yards. Powers noted that the City has a nuisance policy and primary enforcement has been on a complaint basis, but staff could be encouraged to take a more pro-active approach. Kruse asked for the Council's direction to have City staff do more pro-active enforcement. Consensus of the Council was to have increased enforcement following Spring Clean-up.

14. Council Concerns:

Preliminary

None.

15. Adjourn:

Kruse adjourned the meeting by unanimous consent.

Meeting adjourned at 8:20 p.m.

Kirby Kruse, Mayor

Attest: _____
Steve Nasby, City Administrator

**SPECIAL CITY COUNCIL
MEETING MINUTES
City Hall, Council Chamber
April 29, 2009**

Call Meeting to Order: The Special City Council meeting was called to order by Acting Mayor Jean Fast at 10:00 a.m., on April 29, 2009 in the City Hall Council Chamber.

Members Present: Acting Mayor: Jean Fast

City Council Present: Bob Messer and Corey Maricle

Utility Commission Chairperson: Mike Schwalbach

Utility Commission Members Present: Chris Johnson & Keith Bloomgren

Utility Commission Members Absent: None

City Staff Present: Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager and Mike Haugen, Water/Wastewater Superintendent; Aaron Backman, EDA Executive Director

Others Present: Dennis Johnson, City Engineer; Steve Thompson, Director of Operations, CMMPA; Tim Delf, CMMPA Engineer

JOINT MEETING OF THE CITY COUNCIL AND UTILITIES COMMISSION

Special meeting of the City Council was called to order by Acting Mayor Fast, and turned over to the Utility Commission Chairperson, Mike Schwalbach.

COMPREHENSIVE WIND STUDY – STEVE THOMPSON & TIM DELF, CMMPA

Marv Grunig began the presentation by introducing Steve Thompson, Director of Operations of Central Minnesota Municipal Power Agency (CMMPA) and Tim Delf, Engineer from CMMPA.

Thompson began the presentation informing the Utility Commission and City Council Representatives that by 2025 Minnesota's legislation requires that 25% of all electricity sales to retail customers come from a renewable generation source,

Delf gave the power point presentation. Items discussed are as follows:

The primary objective of our comprehensive wind study was to identify the best strategy for meeting Minnesota's mandated renewable portfolio standards (RPS). CMMPA investigated three different strategic alternatives.

- Utilizing renewable energy credits
- Entering into a power purchasing agreement

- Building our own facility
 - Locally-based dispersed – Each City would have a generator in its proximity
 - Locally-based centralized – All generators would be located in one area
 - Remotely-based centralized – Generators would be located in high wind speed area

Renewable Energy Credits (REC's) – The City of Windom Utilities has REC's that can be carried over until 2021 or sold back for \$1.00 per credit. Because of the low rate for the sale of REC's it is determined to carry the REC's over until 2021, and in this way covers the City of Windom's Renewable Energy Standard (RES) obligation as contracts for power come to an end.

Qualitative Comparison to getting involved in wind generation.

- Power Purchasing Agreement (PPA) – Cost is based upon the financing structure of the project and the demand by outside corporate investors.
- Clean Renewable Energy Bond (CREB) – Because CMMPA is a nonprofit municipal organization they can take advantage of that type of Bond for financing.

Delf compared the costs of wind generation with the City of Windom Utilities and the City Council Representatives with the least cost effective strategy by utilizing the CREB financing. In most circumstances CREB financing is equivalent or superior to Production Tax Credit's (PTC's). Even with a capacity factor risk factored into owning wind generation the CREB financing still appears to have the advantage.

Delf went on to say that the cost of installing wind generation is at a premium relative to the market, this is relative to the alternative of purchasing green tags and energy separately, and that ownership in wind generation minimizes the premium to an acceptable level by using CREB financing.

CMMPA faces a strategic decision on whether or not to install renewable generation ahead of our RPS requirements. If utility prices decrease in the future CMMPA would like to purchase enough renewable generation to meet its obligations. However, if they believe that prices will increase in the future they would want to purchase renewable generation to exceed its obligations. Because of the uncertain future their strategy should be to minimize risk and exposure through diversification by using the following:

- Pursue ownership using member CREB financing
- Diversify energy portfolio with alternative forms of renewable generation
- Diversify energy portfolio through the appropriate supplemental use of green tags

CMMPA's position on Wind Development remains neutral in the need to install wind capacity immediately, but to continue to monitor the industry and be prepared as economic opportunities arise. They are very supportive of members in CMMPA installing wind generation. CMMPA's implementation of their desired strategy is ownership and using CREB financing, which will require member involvement. Thompson said that application for CREB financing needs to be completed by August 4, 2009 through the stimulus package, and that MISO transmission studies take approximately 3 years to complete and once CREB financing is secured, you have

approximately 3 years to spend those funds. The MISO Transmission study takes about 1-1 ½ years to complete if a city would be interested in generation on an individual basis.

CMMPA's next step is to determine which members are interested in pursuing a renewable energy project. The interested members should investigate CREB financing coordinated with CMMPA. In order for CMMPA to apply for the CREB financing they need of letter of intent from the utilities.

Schwalbach thanked the representatives from CMMPA for their presentation to the City of Windom Utilities, and turned the meeting over to Jean Fast, Mayor Pro-tem to adjourn the Special City Council meeting.

Acting Mayor Fast adjourned the Special City Council meeting by unanimous consent at 11:20 a.m.

Jean Fast, Acting Mayor

Attest: _____
Brigitte Olson, Asst. City Administrator

Community Center Commission Minutes
Monday April 27, 2009

1. Call to Order: The meeting was called to order by President Wayne Maras at 5:30 p.m

2. Roll Call: President: Wayne Maras
CC Director: Brad Bussa
Commission Members: Kelly Woizeschke
Dick Jeffrey
Hilary Mathis
Connie Granstra

Commission Liaisons: Corey Maricle
Bruce Caldwell-Absent
Jo Ann Ray-Absent

EDA Director: Aaron Backman-Absent

Public: Byron Richter, Ron Becker

3. Approval of Minutes:

Motion by Dick Jeffrey, seconded by Hilary Mathis to approve the February 23, 2009 Community Center Commission Minutes. Motion carried 5-0

4. Additions to the agenda:

Under Directors Report 5-e, update on Employer/Employee Christmas Party

5. Correspondence:

Nothing to report

6. President's Report:

A. Sub-Committee Report: Noted under Directors Report

7. Director's Report:

- a. Director reported that this November will be the Windom Community Center's 10th year Anniversary, Ribbon Cutting and Open House was held November 19th and 20th 1999. Director asked Commission to think of ideas for Open House. Commission asked where funding of this would come from and Director reported it would come out of the Promotion Budget. Commission asked Director to check into funding available and tabled until May meeting.

- b. Kitchen Equipment Update- Director noted that convection oven and large freezer had both stopped working. They are being repaired but it will be cutting deep into the Equipment Maintenance Budget.
- c. Liquor and Catering Sub-Committee: No changes. Commission asked about Food Licenses on smaller groups that use the kitchen. Director informed Commission that they have to get those thru Brown-Nicolette County.
- d. Rates and Policies Sub-Committee: No Changes
- e. Employer/Employee Christmas Party: Director handed out letter to Commission. Commission made some suggestions on the letter and discussed the call back after letters have been received.

8. Resource Management:

Schedule of Events: was reviewed

Income/Expenses: was reviewed

9. Miscellaneous:

Byron Richter and Ron Becker asked if the men could get the Senior Room key to play cards and pool on Saturdays and if other members besides the Board Members could check the key out. After discussion, it was decided to table it until May meeting. Director was also asked about parking lot lights. Director informed Commission that the lights have been put on an override switch so that they are turned on only when an event is going on. It was stated that if lights were turned on Friday, they would run until Monday unless someone was brought in to flip the switch back. Will leave as is until otherwise decided upon.

10. Open Forum:

Nothing to report

11. Next Meeting:

Monday May 18, 2009 @ 5:30 pm

Adjourn:

Motion by Kelly Woizeschke, seconded by Dick Jeffrey, to adjourn the meeting at 6:35 pm. Motion carried 5-0.

Wayne Maras, WCC President

Connie Granstra, WCC Secretary

Attest: _____
Brad Bussa, Community Center Director

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
April 29, 2009

Call Meeting to Order: The Joint Special Council Meeting and Utility Commission meeting was called to order at 10:00 a.m., on April 29, 2009 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, Acting Mayor for Special City Council Meeting

City Council Present: Bob Messer and Corey Maricle

City Staff Present: Brigitte Olson, Assistant City Administrator; Marv Grunig, Electric Utility Manager and Mike Haugen, Water/Wastewater Superintendent; Aaron Backman, EDA Executive Director

Others Present: Dennis Johnson, City Engineer; Steve Thompson, Director of Operations, CMMPA; Tim Delf, CMMPA Engineer

SPECIAL MEETING OF THE CITY COUNCIL

Special meeting of the City Council was called to order by Jean Fast, Acting Mayor, and turned over to the Utility Commission Chairperson, Mike Schwalbach.

COMPREHENSIVE WIND STUDY – STEVE THOMPSON & TIM DELF, CMMPA

Marv Grunig began the presentation by introducing Steve Thompson, Director of Operations of Central Minnesota Municipal Power Agency (CMMPA) and Tim Delf, Engineer from CMMPA.

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CMMPA's position on Wind Development remains neutral in the need to install wind capacity immediately, but to continue to monitor the industry and be prepared as economic opportunities arise. They are very supportive of members in CMMPA installing wind generation. CMMPA's implementation of their desired strategy is ownership and using CREB financing, which will require member involvement. Thompson said that application for CREB financing needs to be completed by August 4, 2009 through the stimulus package, and that MISO transmission studies take approximately 3 years to complete and once CREB financing is secured, you have

approximately 3 years to spend those funds. The MISO Transmission study takes about 1-1 ½ years to complete if a city would be interested in generation on an individual basis.

CMMPA's next step is to determine which members are interested in pursuing a renewable energy project. The interested members should investigate CREB financing coordinated with CMMPA. In order for CMMPA to apply for the CREB financing they need of letter of intent from the utilities.

Schwalbach thanked the representatives from CMMPA for their presentation to the City of Windom Utilities, and turned the meeting over to Jean Fast, Mayor Pro-tem to adjourn the Special City Council meeting.

By unanimous consent, Acting Mayor Fast adjourned the City Council Meeting at 11:20 a.m.

Schwalbach resumed the regular Utility Commission meeting.

APPROVAL OF MINUTES:

Motion by Bloomgren, seconded by Johnson, to approve the March 31, 2009 minutes as presented. Motion carried 3-0.

ELECTRIC ITEMS

Proposed 2010 Western Power Rate Increase – Grunig updated the Utility Commission on the April 15, 2009 meeting in Sioux Falls, South Dakota that he attended. Grunig said that because of the excess snow in the winter of 2008-2009 it looks like the drought cycle has been broken. Grunig said that deficit was created because of the following items:

- Western Area Power Agency (WAPA) purchased almost 6 million Mwh's of replacement power at an average of \$54/55 per Kwh in 2008. Total cost of \$289,000,000.
- Current Cumulative Deficit is \$797.3 Million
- Projecting additional 2009 deficit of \$147 Million
- Projected Cumulative deficit of \$944.5 Million
- First Drought deficit payment will be coming due in 2011 of \$110 Million
- Pick-Sloan Composite Rate solved at 33.54 mills/kWH for 2010

For Western Area Power to meets its revenue requirements they are proposing a 2% increase to the base rate and a 28% increase to the drought debt adder. Once the drought debt is paid in full the adder would be removed. The City of Windom Utilities is in its second year of paying the adder. The present 2009 composite rate of 29.63 mill/kWH is a 21% increase above 2008 rates. The proposed 33.54 mill/kWH would be an additional 13% increase. The impact to Windom customers is significant because half of purchased wholesale energy comes from Western Area Power.

Grunig also inform the Utility Commission that he has been asked to become one of a ten (10) member five (5) state advisory group to WAPA. Grunig felt that this would not take a

considerable amount of time from his regular duties, as the group would be communicating via the Internet. Grunig said that he did accept the position on the advisory group.

Eco@Home News – Grunig reviewed the Eco@Home News with the Utility Commission.

Data Exchange Agreement – Grunig said this agreement is being created because of the prolonged transmission repair during the outage on March 29, 2009. Grunig has pursued improvements in the switching procedure and protocol of the International Transmission Company (ITC) as it relates to the Windom Utilities. To get this process started ITC requested that a data sharing agreement with the Windom Utilities is established so that pertinent maps and diagrams of the respective systems can be shared, and that this information is updated once both parties have identical information. This agreement has been reviewed by the City Attorney, Dan McDonald, Steve Nasby, City Administrator and Marv Grunig, Utility Manager. Grunig is hopeful that once this agreement is in place outages such as the one on March 29, 2009 will go much smoother.

CAPX 2020 – Grunig said that the MN Public Utility Commission (MN PUC) granted the CAPX2020 utilities a Certificate of Need to construct three 345 kV Electric Transmission lines in Minnesota. The three lines that were approved are as follows:

- 240 mile, 345 kV line between Brookings County, SD and Hampton MN plus a related 345kV line between Marshall and Granite Falls
- 250 mile, 345 kV line between Fargo, ND and Alexandria, St. Cloud and Monticello
- 150 mile, 345kV line between Hampton, Rochester and La Crosse, WS.

LANDFORM UPDATE ON PM WINDOM & WINDOM WASTEWATER TREATMENT FACILITY

Backman inform the Utility Commission that PM Windom has become to the largest employer for the City of Windom. However becoming the largest employer has come with a price and concerns to the Windom Wastewater Treatment Facility (WWTF). Therefore a study was prepared by Landform of both the PM Windom Plant and the Windom Wastewater Treatment Facility. The goal of this study is to provide options that have not been previously considered to benefit both PM Windom and the City of WWTF which includes new technology to potentially eliminate the existing wastewater treatment lagoon and pond system, as PM Windom's pre-treatment system is not functioning effectively, which increases effluent strength to the Windom WWTF. The following criteria were considered in evaluating potential solutions:

- Improve the effluent quality from PM Windom
- Reduce the odor generated by the anaerobic lagoon
- Recover land for future expansion opportunities by abandoning lagoon and pond system
- Reduce PM Windom's monthly sewer bill
- Reduce effluent nitrogen levels at Windom WWTF discharge
- Reduce potential environmental impacts to Warren Lake and Perkins Creek
- Minimize the cost to increase capacity at Windom WWTF

Backman went on to report that at the present time PM Windom slaughters approximately 800 head of cattle per day with a maximum capacity of 850 head per day. They are permitted through Minnesota Pollution Control Agency (MPCA). The expiration date for their permit is April 30, 2010. The City of Windom WWTF is also permitted by MPCA until January 30, 2010.

The WWTF is designed to treat an average wet weather flow of 1,830,000 gallons per day (gpd) with an influent biochemical oxygen demand (BOD) strength of 98 mg/l. At this time the facility is averaging a discharge of 1,000,000 gpd, which is approximately 55% of the flow capacity.

PM Windom operates a wastewater pre-treatment facility that consists of a Dissolved Air Flootation (DAF) unit for the removal of fats, oil and greases (FOG) as the primary treatment, an anaerobic lagoon for the secondary treatment, and a series of aerobic ponds for tertiary treatment. It is estimated that PM Windom treats approximately 400,000 gpd. All wastewater from the PM Windom facility, including the sewage from the outside cattle holding pens flows through the pre-treatment facility with the pre-treatment effluent discharge to the City of Windom WWTF through an interceptor sewer. Sanitary wastewater from the PM Windom is also routed directly to the City of Windom WWTF.

Backman noted that the DAF is designed to skim the sludge every fifteen (15) minutes; however this is not being done. Backman indicated that the removal of the sludge happens approximately once in three (3) days. The secondary treatment is the Anaerobic Lagoon #1, and this appears to be solid sludge. The capacity of this lagoon is about 4 Million Gallons of sludge, and it has approximately 3 – 3 1/2 Millions Gallons of sludge in it right now, which causes concerns to Aerobic Lagoon #2 and eventually Aerobic Lagoon #3.

Haugen and Backman indicated that they felt the PM Windom accepted the report well, and will take it under advisement and do understand the problems and how it affects the WWTF.

Landform Proposed Upgrade Options area as follows:

Option 1 – This option has been explored to enhance the PM Windom pre-treatment system by predominantly utilizing the existing equipment. This option consists of the following:

1. Create a standard operation and maintenance (O&M) program for PM Windom to operate the existing DAF equipment, the anaerobic lagoon and the aerobic ponds at peak performance.
2. Clean Anaerobic Lagoon 1 and restore to original design parameters
3. Provide general maintenance to existing DAF unit and remove existing solids
4. Analyze the existing DAF unit to establish baseline parameters and capabilities
5. If necessary, add a secondary DAF unit to maximize the removal of BOD, TSS and reduce biological loading.

This option will likely improve PM Windom's discharge by decreasing odors and significantly reducing all biological loading, specifically BOD and TKN, which would lessen the impact on the Windom WWTF.

Option 2 - This option has been explored to improve the PM Windom pre-treatment system and to decrease their monthly sewer and water bills and free up capacity with the Windom WWTF, and recover land for PM Windom expansion.

1. Implement item #1 and Item #2 in Option #1 above
2. Add secondary DAF unit to peak the performance in conjunction with the existing DAF to remove the possible TSS, BOD and FOG to help free capacity.
3. Add belt press system to dewater the bio solids for field application. The anaerobic lagoon will be more efficient by removing the solids prior to the lagoon system.
4. Add filter unit to effluent before it discharges into lagoon #1 to further reduce any TSS.
5. Implement Item #4 in Option #1 above
6. Run highly treated effluent thru all ponds for several years to clean and remediate contaminants and to otherwise recover the available land sooner by draining the water to remove contaminated solids
7. Abandon Aerobic pond #2 and #3 when remediation is complete
8. Reuse Water onsite for irrigation

This option requires more detail design but will remove all recoverable solids and discharge cleaner water to Anaerobic Lagoon #1. Also a properly operating DAF unit working in conjunction with the Anaerobic Lagoon would allow removal of the aerobic ponds.

Additional items for consideration that would be alternatives to Option #1 and Option #2 are as follows:

- Convert anaerobic Lagoon #1 into an anaerobic digester system and harvest methane for heat or power at PM Windom
- Add modular wastewater treatment unit package plant after DAF to finalize treatment process
- Install package treatment plant after Lagoon #1 and pipe directly to Windom WWTP

The following items would be a combination of potential items to be considered with Option #1 and Option #2.

- Sell DAF by products to bio-diesel company or manage flow of product into digester
- Abandon Anaerobic Lagoon #1 and Aerobic Ponds #2 and #3
- Treat and reuse all wastewater on site for beef processing, toilet flushing, irrigation, building heating and cooling systems, etc.

Johnson asked if we have any options to encourage PM Windom to operate their facility more efficiently. Haugen and Backman said that the permitting process through MPCA for PM is not very stringent, and at the present time other than shutting off their effluent Windom WWTF does not have anything in place.

WATER/WASTEWATER ITEMS

2009 Street Project & Sykora Addition Update – Haugen and Dennis Johnson said that presently the 2009 Street Improvement Project has been started by Hjerpe Construction. Hjerpe Construction has started milling bituminous. The project's first phase will be north of the Perkins Creek Bridge. This process will take approximately 3-4 weeks. By May 11, 2009 they will begin on the bridge. The second phase of the project will start south of the Perkins Creek Bridge.

Hjerpe Construction has not given Wenck Associates a date as to when work would begin on the Sykora Addition Sanitary Sewer Project.

OLD BUSINESS: None

NEW BUSINESS

Johnson thought that it would be prudent to initiate the preliminary steps required to secure CREBS financing for either a remote or local project, even if we eventually opted out because of a final analysis showing the involvement in the project was not in the City of Windom's Utilities best interest.

Schwalbach thought that taking the initial steps was fine but was concerned about costs related to filing a CREBS application and the related MISO study. Especially in the case where the final outcome would be that the project would not be developed.

Grunig said that he would bring more information to the next meeting. Thompson indicated in the presentation that the City of Windom Utilities would only need to sign a letter of intent to move the project forward into filing a CREBS application for financing.

Schwalbach also requested that Grunig look into ways that the City of Windom Utilities could improve their load factor, by possibly implementing different rates for usage a different times of the day.

Grunig said that he was willing to look into this and get more information to the Commission.

On motion the meeting was adjourned at 12:45 p.m.

Mike Schwalbach, Chairperson

Attest: _____
Steve Nasby, City Administrator

Date/Time received: 3:30 p.m 4/30/2009

Agenda Request Form

(This form can be used only once a month by the same individual(s). It is not a venue to bypass policies and procedures of city commissions and committees.)

Name: Frank Dorpinghaus Telephone No: 507 832 8184

Address: 573 Quevli Ave Winona Minn 56101

Date of Council Meeting: Tues May 5th 2009 (Agenda item must be turned into the city office by Friday noon preceding the Tuesday meeting.)

Subject: Council awareness of Minnesota Constitutional violations by Federal Government through H.R. 1388, H.R. 875, & S.425

Have you brought this to the attention of the appropriate department head? NA
Committee? NA

Hand-outs, audio-visual materials (These must be simple and set up directly before you speak and taken down directly afterward): _____

This format gives citizens an opportunity to express concerns to the council without expectation of discussion or action. No more than two (2) people should speak on the same topic at one meeting. Remarks should not exceed five (5) minutes per person. They should be directed to the council as a whole and not to any individual member or department head.


Signature



Minnesota Constitution

House | Senate | Legislation & Bill Status | Laws, Statutes & Rules | Joint Dept. & Commissions

ARTICLE I BILL OF RIGHTS

Section 1. OBJECT OF GOVERNMENT. Government is instituted for the security, benefit and protection of the people, in whom all political power is inherent, together with the right to alter, modify or reform government whenever required by the public good.

Sec. 2. RIGHTS AND PRIVILEGES. No member of this state shall be disfranchised or deprived of any of the rights or privileges secured to any citizen thereof, unless by the law of the land or the judgment of his peers. There shall be neither slavery nor involuntary servitude in the state otherwise than as punishment for a crime of which the party has been convicted.

H. R. 1388

Sec. 3. LIBERTY OF THE PRESS. The liberty of the press shall forever remain inviolate, and all persons may freely speak, write and publish their sentiments on all subjects, being responsible for the abuse of such right.

Sec. 4. TRIAL BY JURY. The right of trial by jury shall remain inviolate, and shall extend to all cases at law without regard to the amount in controversy. A jury trial may be waived by the parties in all cases in the manner prescribed by law. The legislature may provide that the agreement of five-sixths of a jury in a civil action or proceeding, after not less than six hours' deliberation, is a sufficient verdict. The legislature may provide for the number of jurors in a civil action or proceeding, provided that a jury have at least six members. [Amended, November 8, 1988]

Sec. 5. NO EXCESSIVE BAIL OR UNUSUAL PUNISHMENTS. Excessive bail shall not be required, nor excessive fines imposed, nor cruel or unusual punishments inflicted.

Sec. 6. RIGHTS OF ACCUSED IN CRIMINAL PROSECUTIONS. In all criminal prosecutions the accused shall enjoy the right to a speedy and public trial by an impartial jury of the county or district wherein the crime shall have been committed, which county or district shall have been previously ascertained by law. In all prosecutions of crimes defined by law as felonies, the accused has the right to a jury of 12 members. In all other criminal prosecutions, the legislature may provide for the number of jurors, provided that a jury have at least six members. The accused shall enjoy the right to be informed of the nature and cause of the accusation, to be confronted with the witnesses against him, to have compulsory process for obtaining witnesses in his favor and to have the assistance of counsel in his defense. [Amended, November 8, 1988]

Sec. 7. DUE PROCESS; PROSECUTIONS; DOUBLE JEOPARDY; SELF-INCRIMINATION; BAIL; HABEAS CORPUS. No person shall be held to answer for a criminal offense without due process of law, and no person shall be put twice in jeopardy of punishment for the same offense, nor be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty or property without due process of law. All persons before conviction shall be bailable by sufficient sureties, except for capital offenses when the proof is evident or the presumption great. The privilege of the writ of habeas corpus shall not be suspended unless the public safety requires it in case of rebellion or invasion. *(Previously submitted)*

Sec. 8. REDRESS OF INJURIES OR WRONGS. Every person is entitled to a certain remedy in the laws for all injuries or wrongs which he may receive to his person, property or character, and to obtain justice freely and without purchase, completely and without denial, promptly and without delay, conformable to the laws. *Suspended by Military Commissions act*

Sec. 9. TREASON DEFINED. Treason against the state consists only in levying war against the state, or in adhering to its enemies, giving them aid and comfort. No person shall be convicted of treason unless on the testimony of two witnesses to the same overt act or on confession in open court.

Sec. 10. UNREASONABLE SEARCHES AND SEIZURES PROHIBITED. The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures shall not be violated; and no warrant shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the person or things to be seized. *(Previously submitted)*

Suspended by Patriot Act

Sec. 11. ATTAINDERS, EX POST FACTO LAWS AND LAWS IMPAIRING CONTRACTS PROHIBITED. No bill of attainder, ex post facto law, or any law impairing the obligation of contracts shall be passed, and no conviction shall work corruption of blood or forfeiture of estate.

Sec. 12. IMPRISONMENT FOR DEBT; PROPERTY EXEMPTION. No person shall be imprisoned for debt in this state, but this shall not prevent the legislature from providing for imprisonment, or holding to bail, persons charged with fraud in contracting said debt. A reasonable amount of property shall be exempt from seizure or sale for the payment of any debt or liability. The amount of such exemption shall be determined by law. Provided, however, that all property so exempted shall be liable to seizure and sale

for any debts incurred to any person for work done or materials furnished in the construction, repair or improvement of the same, and provided further, that such liability to seizure and sale shall also extend to all real property for any debt to any laborer or servant for labor or service performed.

Sec. 13. **PRIVATE PROPERTY FOR PUBLIC USE.** Private property shall not be taken, destroyed or damaged for public use without just compensation therefor, first paid or secured.

Sec. 14. **MILITARY POWER SUBORDINATE.** The military shall be subordinate to the civil power and no standing army shall be maintained in this state in times of peace.

(Previously Submitted) Suspended by John Warner Defense Authorization Act

Sec. 15. **LANDS ALLODIAL; VOID AGRICULTURAL LEASES.** All lands within the state are allodial and feudal tenures of every description with all their incidents are prohibited. Leases and grants of agricultural lands for a longer period than 21 years reserving rent or service of any kind shall be void.

Sec. 16. **FREEDOM OF CONSCIENCE; NO PREFERENCE TO BE GIVEN TO ANY RELIGIOUS ESTABLISHMENT OR MODE OF WORSHIP.** The enumeration of rights in this constitution shall not deny or impair others retained by and inherent in the people. The right of every man to worship God according to the dictates of his own conscience shall never be infringed; nor shall any man be compelled to attend, erect or support any place of worship, or to maintain any religious or ecclesiastical ministry, against his consent; nor shall any control of or interference with the rights of conscience be permitted, or any preference be given by law to any religious establishment or mode of worship; but the liberty of conscience hereby secured shall not be so construed as to excuse acts of licentiousness or justify practices inconsistent with the peace or safety of the state, nor shall any money be drawn from the treasury for the benefit of any religious societies or religious or theological seminaries.

Sec. 17. **RELIGIOUS TESTS AND PROPERTY QUALIFICATIONS PROHIBITED.** No religious test or amount of property shall be required as a qualification for any office of public trust in the state. No religious test or amount of property shall be required as a qualification of any voter at any election in this state; nor shall any person be rendered incompetent to give evidence in any court of law or equity in consequence of his opinion upon the subject of religion.

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Send comments regarding this site to:
webmaster@house.leg.state.mn.us

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ARTICLE XIII MISCELLANEOUS SUBJECTS

Section 1. **UNIFORM SYSTEM OF PUBLIC SCHOOLS.** The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.

Sec. 2. **PROHIBITION AS TO AIDING SECTARIAN SCHOOL.** In no case shall any public money or property be appropriated or used for the support of schools wherein the distinctive doctrines, creeds or tenets of any particular Christian or other religious sect are promulgated or taught.

Sec. 3. **UNIVERSITY OF MINNESOTA.** All the rights, immunities, franchises and endowments heretofore granted or conferred upon the University of Minnesota are perpetuated unto the university.

Sec. 4. **LANDS TAKEN FOR PUBLIC WAY OR USE; COMPENSATION; COMMON CARRIERS.** Land may be taken for public way and for the purpose of granting to any corporation the franchise of way for public use. In all cases, however, a fair and equitable compensation shall be paid for land and for the damages arising from taking it. All corporations which are common carriers enjoying the right of way in pursuance of the provisions of this section shall be bound to carry the mineral, agricultural and other productions of manufacturers on equal and reasonable terms.

Sec. 5. **LOTTERIES.** The legislature shall not authorize any lottery or the sale of lottery tickets, other than authorizing a lottery and sale of lottery tickets for a lottery operated by the state. [Amended, November 8, 1988]

Sec. 6. **PROHIBITION OF COMBINATIONS TO AFFECT MARKETS.** Any combination of persons either as individuals or as members or officers of any corporation to monopolize markets for food products in this state or to interfere with, or restrict the freedom of markets is a criminal conspiracy and shall be punished as the legislature may provide.

Sec. 7. **NO LICENSE REQUIRED TO PEDDLE.** Any person may sell or peddle the products of the farm or garden occupied and cultivated by him without obtaining a license therefor.

H.R. 875 S. 425

Sec. 8. **VETERANS' BONUS.** The state may pay an adjusted compensation to persons who served in the armed forces of the United States during the period of the Vietnam conflict or the Persian Gulf War. Whenever authorized and in the amounts and on the terms fixed by law, the state may expend monies and pledge the public credit to provide money for the purposes of this section. The duration of the Vietnam conflict and the Persian Gulf War may be defined by law. [Amended, November 5, 1996]

Sec. 9. **MILITIA ORGANIZATION.** The legislature shall pass laws necessary for the organization, discipline and service of the militia of the state.

Sec. 10. **SEAT OF GOVERNMENT.** The seat of government of the state is in the city of St. Paul. The legislature may provide by law for a change of the seat of government by a vote of the people, or may locate the same upon the land granted by Congress for a seat of government. If the seat of government is changed, the capitol building and grounds shall be dedicated to an institution for the promotion of science, literature and the arts to be organized by the legislature of the state. The Minnesota Historical Society shall always be a department of this institution.

Sec. 11. **STATE SEAL.** A seal of the state shall be kept by the secretary of state and be used by him officially. It shall be called the great seal of the state of Minnesota.

Sec. 12. **PRESERVATION OF HUNTING AND FISHING.** Hunting and fishing and the taking of game and fish are a valued part of our heritage that shall be forever preserved for the people and shall be managed by law and regulation for the public good. [Adopted, November 3, 1998]

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HR 875 The food police, criminalizing organic farming and the backyard gardener, and violation of the 10th amendment



Posted by [LydiaScott](#) on 03/06/09 03:36 AM

 SHARE

[Newer: [HR 875 is being steamrolled thru the House and we have to pick up the pace!](#)] [Older: [Is this an opportunity to push the Indiana Honest Money act?](#)]

HR 875 <http://thomas.loc.gov/cgi-bin/query/F?c111:1:/temp/~c1112RD9bb:e11439:>

This bill is sitting in committee and I am not sure when it is going to hit the floor. One thing I do know is that very few of the Representatives have read it. As usual they will vote on this based on what someone else is saying. Urge your members to read the legislation and ask for opposition to this devastating legislation. Devastating for everyday folks but great for factory farming ops like Monsanto, ADM, Sodexo and Tyson to name a few.

I have no doubt that this legislation was heavily influenced by lobbyists from huge food producers. This legislation is so broad based that technically someone with a little backyard garden could get fined and have their property siezed. It will effect anyone who produces food even if they do not sell but only consume it. It will literally put all independent farmers and food producers out of business due to the huge amounts of money it will take to conform to factory farming methods. If people choose to farm without industry standards such as chemical pesticides and fertilizers they will be subject to a vareity of harassment from this completely new agency that has never before existed. That's right, a whole new government agency is being created just to police food, for our own protection of course.

DO NOT TAKE MY WORD FOR IT, READ THIS LEGISLATION FOR YOURSELF. The more people who read this legislation the more insight we are going to get and be able to share. Post your observations and insights below. Urge your members to read this legislation and to oppose the passage of this legislation.

Pay special attention to

- Section 3 which is the definitions portion of the bill-read in it's entirety.
- section 103, 206 and 207- read in it's entirety.

Red flags I found and I am sure there are more.....

- Legally binds state agriculture depts to enforcing federal guidelines effectively taking away the states power to do anything other than being food police for the federal dept.
- Effectively criminalizes organic farming but doesn't actually use the word organic.
- Effects anyone growing food even if they are not selling it but consuming it.
- Effects anyone producing meat of any kind including wild game.
- Legislation is so broad based that every aspect of growing or producing food can be made illegal. There are no specifics which is bizarre considering how long the legislation is.
- Section 103 is almost entirely about the administrative aspect of the legislation. It will allow the appointing of officials from the factory farming corporations and lobbyists and classify them as experts and allow them to determine and interpret the legislation. Who do you think they are going to side with?
- Section 206 defines what will be considered a food production facility and what will be enforced up all food production facilities. The wording is so broad based that a backyard gardener could be fined and more.
- Section 207 requires that the state's agriculture dept act as the food police and enforce the federal requirements. This takes away the states power and is in violation of the 10th amendment.
- There are many more but by the time I got this far in the legislation I was so alarmed that I wanted to bring someone's attention to it. (to the one person who reads my blog)

Didn't Stalin nationalize farming methods that enabled his administration to gain control over the food supply? Didn't Stalin use the food to control the people?

Last word..... Legislate religion and enforce gag orders on ministers on what can and can't be said in the pulpit, instituting regulations forcing people to rely soley on the government, control the money and the food. What is that called? It is on the tip of my tongue.....

I haven't read any of the Senate's version of the bill as I have been poring thru the House's version. Here is the link and I hope some of you can take a look and post your observations and insights below. One thing I am pretty sure of is that very few if any Senator's have actually read the legislation and when it comes up for a vote they will more than likely take someone else's word

I haven't read any of the Senate's version of the bill as I have been poring thru the House's version. Here is the link and I hope some of you can take a look and post your observations and insights below. One thing I am pretty sure of is that very few if any Senator's have actually read the legislation and when it comes up for a vote they will more than likely take someone else's word on how they should vote. The other thing I am pretty sure about is that the legislation was probably written by lobbyists and industry experts.

S 425 [http://thomas.loc.gov/cgi-bin/bdquery/z?d111:s425:](http://thomas.loc.gov/cgi-bin/bdquery/z?d111:s425)

Things you can do

1. Contact your members at 202-224-3121 and ask them to oppose HR 875 and S 425. While you are at it ask them if they personally have read the legislation and what their position is? If they have not read the legislation ask them to read it and politely let them know that just because other representatives are not reading the legislation and voting on it does not mean they can do the same.
2. Get in touch with local farmers and food producers by attending a local farmers market and asking them how business is.
3. Attend a local WAPF meeting, this is a good start to learning about what is going on in farming and local & state initiatives . The website is <http://www.westonaprice.org/localchapters/index.html>
4. Check out the Farmers Legal Defense Fund at <http://www.ftcldf.org/index.html>
5. Find out who sits on your states agriculture and farming committee and contact them with your concerns.
6. Continue to contact your elected officials and let them know your position on legislation and why.
7. Get active at the local and state levels, this is the quickest way to initiate change.

(c) Regulations- Not later than 1 year after the date of the enactment of this Act, the Administrator, in consultation with the Secretary of Agriculture and representatives of State departments of agriculture, shall promulgate regulations to establish science-based minimum standards for the safe production of food by food production facilities. Such regulations shall--

- (1) consider all relevant hazards, including those occurring naturally, and those that may be unintentionally or intentionally introduced;
- (2) require each food production facility to have a written food safety plan that describes the likely hazards and preventive controls implemented to address those hazards;
- (3) include, with respect to growing, harvesting, sorting, and storage operations, minimum standards related to fertilizer use, nutrients, hygiene, packaging, temperature controls, animal encroachment, and water;
- (4) include, with respect to animals raised for food, minimum standards related to the animal's health, feed, and environment which bear on the safety of food for human consumption;
- (5) provide a reasonable period of time for compliance, taking into account the needs of small businesses for additional time to comply;
- (6) provide for coordination of education and enforcement activities by State and local officials, as designated by the Governors of the respective States; and
- (7) include a description of the variance process under subsection (d) and the types of permissible variances which the Administrator may grant under such process.

HR 875

g...g... Volunteerism and Education Act... http://www.govtrack.us/congress/bills/xpd/bill=111-138

H.R. 1388: Generations Invigorating Volunteerism and Education Act

111th Congress
2009-2010

GIVE ACT

A bill entitled "The Edward M. Kennedy Serve America Act, an Act to reauthorize and reform the national service laws."

Overview

Sponsor: [Rep. Carolyn McCarthy \[D-NY\]](#) [show cosponsors \(37\)](#)

Text: [Summary](#) | [Full Text](#)

Cost: \$3 per American in 2010.

Status:

■ Introduced	Mar 9, 2009
■ Referred to Committee	View Committee Assignments
■ Reported by Committee	Mar 11, 2009
■ Amendments (52 proposed)	View Amendments
■ Passed House	Mar 18, 2009
■ Passed Senate	Mar 26, 2009
■ Signed by President	Apr 21, 2009

This bill has become law. [Last Updated: Apr 23, 2009 12:18PM]

Last Action: Apr 21, 2009: Became Public Law No: 111-13.

Other Titles: -- GIVE Act

Related: See the [Related Legislation](#) page for other bills related to this one and a list of subject terms that have been applied to this bill. Sometimes the text of one bill or resolution is incorporated into another, and in those cases the original bill or resolution, as it would appear here, would seem to be abandoned.

H.R.1388

Title: A bill entitled "The Edward M. Kennedy Serve America **Act**, an **Act** to reauthorize and reform the national service laws."

Sponsor: [Rep. McCarthy, Carolyn](#) [NY-4] (introduced 3/9/2009) [Cosponsors](#) (37)

Related Bills: [H.RES.250](#), [H.RES.296](#), [S.277](#)

Latest Major Action: 3/31/2009 Resolving differences -- House actions. Status: On motion that the House agree to the Senate amendments Agreed to by the Yeas and Nays: 275 - 149 (Roll no. 169).

House Reports: [111-37](#)

Jump to: [Summary](#), [Major Actions](#), [All Actions](#), [Titles](#), [Cosponsors](#), [Committees](#), [Related Bill Details](#), [Amendments](#)

SUMMARY AS OF:

3/9/2009--Introduced.

Generations Invigorating Volunteerism and Education **Act** or the **GIVE Act** - Amends the National and Community Service **Act** of 1990 (NSCA) and the Domestic Volunteer Service **Act** of 1973 (DVSA) to revise the programs under such **Acts** and reauthorize appropriations for such programs through FY2014.

Revises under NSCA: (1) the School-Based and Community-Based Service-Learning programs and Higher Education Innovative Programs for Community Service (Learn and Serve programs); (2) National Service Trust programs (AmeriCorps); (3) the National Civilian Community Corps (NCCC); and (4) the Investment for Quality and Innovation program.

Eliminates the current Community-Based Learn and Serve programs.

Establishes two new Learn and Serve programs: (1) Campuses of Service, which provides funds to institutions of higher education to develop or disseminate exemplary service-learning programs that assist their students' pursuit of public service careers; and (2) Innovative Service-Learning Programs and Research, which funds community service-learning opportunities for elementary and secondary, college, and graduate students as well as research into service-learning.

Includes among eligible AmeriCorps programs: (1) an Education Corps to address unmet educational needs; (2) a Healthy Futures Corps to address unmet health needs; (3) a Clean Energy Corps to address unmet environmental needs; and (4) a Veterans Corps to address the unmet needs of veterans and their families.

Creates AmeriCorps Opportunity Corps programs that include certain existing programs and new programs to: (1) increase community access to technology; (2) engage citizens in public safety, health, and emergency preparedness services; (3) mentor youth; (4) reduce recidivism by re-engaging court-involved youth; and (5) support the needs of veterans or active duty service members and their families.

Establishes an Education Awards Only program authorizing the Corporation for National and Community Service (Corporation) to provide fixed-amount grants to programs that have approved national service positions, but no AmeriCorps funding.

Sets the National Service educational awards for full-time AmeriCorps, NCCC, and Volunteers in Service to America (VISTA) participants at a level equal to the maximum available Pell Grant available to students under the Higher Education **Act** of 1965.

Includes among needs to be met under the NCCC program, disaster relief, infrastructure improvement, environmental and energy conservation, and urban and rural development.

Requires states to develop comprehensive plans for volunteer and paid service by Baby Boomers and older adults.

Directs the Corporation to plan pilot programs to: (1) better target and serve displaced workers; and (2) establish a centralized electronic citizenship verification system which would allow the Corporation to share employment eligibility information with the Department of Education.

Authorizes the Corporation to treat September 11th annually as a National Day of Service and Remembrance.

Establishes within the Investment for Quality and Innovation program: (1) a ServeAmerica Fellowships program providing fellowships to individuals chosen by states to participate in service projects addressing certain areas of national need; (2) a Silver Scholarship Grant Program providing scholarships to individuals age 55 or older who complete at least 500 hours of service in a year in an area of national need; and (3) an Encore Fellowships program providing one-year fellowships to individuals age 55 or older who serve in areas of national need and receive training to transition to public service employment. Makes ServeAmerica fellows eligible for national service educational awards.

Authorizes the Corporation to provide grants to innovative and model service programs, including those for disadvantaged youth, youth under age 17, and potential recidivists.

~~Eliminates Federal funding for the Points of Light Foundation~~

Eliminates federal funding for the Points of Light Foundation.

Revises under DVSA: (1) the VISTA program; and (2) the Senior Corps, including the Retired and Senior Volunteer program (RSVP), the Foster Grandparent program, and the Senior Companion program.

Gives priority in VISTA participant selection to disadvantaged youth and retired adults of any profession.

Authorizes new VISTA grant programs of national significance that provide poor and rural communities with: (1) services reintegrating formerly incarcerated individuals into society; (2) financial literacy and planning; (3) before-school and after-school services; (4) community economic development initiatives; (5) assistance to veterans and their families; and (6) health and wellness services. Eliminates the VISTA Literacy Corps, University Year for VISTA, and Literacy Challenge Grant programs.

Raises the minimum and maximum stipend provided to VISTA participants.

Prioritizes RSVP projects in specified areas.

Makes anyone 55 years of age or older eligible as Senior Corps volunteers.

Provides, under the Senior Corps demonstration program, incentive matching grants to Senior Corps programs that exceed specified performance measures, enroll most of their volunteers in outcome-based service programs, and increase their enrollment of Baby Boomer volunteers.

Expresses the sense of the Congress that the number of AmeriCorps, VISTA, and NCCC participants should reach 250,000 by 2014.

Congressional Commission on Civic Service Act - Establishes a Congressional Commission on Civic Service to provide recommendations to Congress on improving opportunities for individuals to volunteer or perform national service.

MAJOR ACTIONS:

- 3/9/2009 Introduced in House
- 3/16/2009 Reported (Amended) by the Committee on Education and Labor. H. Rept. [111-37](#).
- 3/18/2009 Passed/agreed to in House: On passage Passed by the Yeas and Nays: 321 - 105 ([Roll no. 140](#)).
- 3/26/2009 Passed/agreed to in Senate: Passed Senate with an amendment and an amendment to the Title by Yea-Nay Vote. 79 - 19. [Record Vote Number: 115](#).
- 3/31/2009 Resolving differences -- House actions: On motion that the House agree to the Senate amendments Agreed to by the Yeas and Nays: 275 - 149 ([Roll no. 169](#)).

RESOLUTION NO. _____

RESOLUTION PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF \$1,510,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2009A, TO PAY A PORTION OF THE COSTS OF LOCAL PUBLIC IMPROVEMENTS; ESTABLISHING THE TERMS AND CONDITIONS THEREFOR; CREATING A CONSTRUCTION ACCOUNT AND A DEBT SERVICE ACCOUNT THEREFOR; AND AWARDING THE SALE THEREOF

BE IT RESOLVED, by the City Council of the City of Windom, Cottonwood County, Minnesota (the "Issuer"), as follows:

Section 1. Bond Purpose, Authorization, and Award.

1.01 Authority and Purpose.

A. Pursuant to authority contained in Minnesota Statutes, Chapters 429 and 475 and the City's Charter, the City Council does direct the issuance and sale of \$1,510,000 General Obligation Improvement Bonds, Series 2009A of the Issuer dated the date of closing and delivery thereof (the "Bonds"), for the purpose of financing a portion of the costs of local public improvements which are to be paid for in part by special assessments levied or to be levied upon benefited property (the "Project"), for payment of part of the interest cost of the Bonds and for payment of part of the issuance costs of the Bonds. The principal of and interest on the Bonds shall be paid primarily from special assessments levied upon benefited property and ad valorem taxes. The Project is ordered as required by Minnesota Statutes, Section 429.091, Subdivision 1.

B. The Bonds shall provide funds to finance the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Bonds. Work on the Project shall proceed with due diligence to completion. The Issuer covenants that it shall do all things and perform all acts required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

1.02 Independent Financial Advisor. The Issuer has retained the services of Ehlers & Associates, Inc. as its independent financial advisor.

1.03 Award of Sale. Pursuant to Section 475.60, Subdivision 2(9) of the Act, which waives the requirement for a public sale of bonds when an issuer has retained an independent financial advisor, Ehlers & Associates, Inc., as authorized by the Issuer, has solicited offers for the purchase of the Bonds, the most favorable of which is an offer from _____ of _____ (the "Purchaser"), to purchase the Bonds at a cash price of \$ _____ upon the terms and conditions hereafter specified in this Resolution. The City Council, after due consideration, finds such offer reasonable and proper and the offer of the Purchaser is accepted. The Mayor and the

Administrator/Clerk-Treasurer are authorized and directed to execute on the part of the Issuer a contract for the sale of the Bonds in accordance with the Purchaser's proposal, and to acknowledge receipt of the check given for the security of the proposal, if any.

Section 2. Terms of the Bonds.

2.01 Date and Maturities. A. The Bonds to be issued hereunder shall be issued as fully-registered bonds designated \$1,510,000 General Obligation Improvement Bonds, Series 2009A, dated the date of closing and delivery thereof, as of the date of original issue, issued in the denomination of \$5,000, or any integral multiple thereof, in fully registered form and lettered and numbered R-1 and upward.

B. The Bonds shall mature on February 1 in the years and amounts stated below and shall bear interest from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue until paid at the rates per annum set forth below opposite such years and amounts:

Year	Amount	Interest Rate
2011	\$80,000	%
2012	\$80,000	%
2013	\$85,000	%
2014	\$85,000	%
2015	\$90,000	%
2016	\$90,000	%
2017	\$95,000	%
2018	\$100,000	%
2019	\$105,000	%
2020	\$105,000	%
2021	\$110,000	%
2022	\$110,000	%
2023	\$120,000	%
2024	\$125,000	%
2025	\$130,000	%

C. The maturities of the Bonds, together with the maturities of all other outstanding general obligation bonds of the Issuer, meet the requirements of Section 475.54 of the Act.

2.02 Interest Payment Dates; Record Date.

A. The Bonds shall bear interest at the annual rates stated therefor in Section 2.01. The interest shall be payable semiannually on February 1 and August 1 in each year (each referred to herein as an "Interest Payment Date") commencing on February 1, 2010. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board.

B. The Bond Registrar designated below shall make all interest payments with respect to the Bonds by check or draft mailed to the person in whose name each Bond is registered (the "Holder") and in each case at the address shown on the bond registration records maintained by the Bond Registrar at the close of business on the 15th day (whether or not on a business day) of the calendar month next preceding the Interest Payment Date (the "Regular Record Date"). Any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of such defaulted interest (the "Special Record Date"). The Special Record Date shall be fixed by the Bond Registrar whenever money becomes available for payment of the defaulted interest and notice of the Special Record Date shall be given by the Bond Registrar to the Holders not less than ten (10) days prior thereto. The term "Holder" shall also include those lawfully entitled to take actions on behalf of the beneficial owners of the Bonds for purposes of any consent or approvals given by Holders.

C. If the date for payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

2.03 Redemption. A. The Bonds maturing in the years 2011 through 2018 shall not be subject to redemption and prepayment before maturity, but those maturing, or subject to mandatory redemption, in the year 2019 and in subsequent years shall each be subject to redemption and prepayment at the option of the Issuer on February 1, 2018, and on any day thereafter, in whole or in part, and if in part, at the option of the Issuer and in such manner as the Issuer shall determine at a price of par plus accrued interest to the date of redemption.

B. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Bond Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) at least 30 days but not more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Bond Registrar; provided however, that so long as the Bonds are registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), notice of redemption shall be given in accordance with the terms of the Representation Letter hereinafter described. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceeding for the redemption of Bonds not affected by such defect or failure. Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

C. If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the Issuer or the Bond Registrar designated below will

notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest.

D. The Bonds maturing on February 1 in the years 20__ and 20__ shall be subject to mandatory redemption prior to maturity pursuant to the requirements of this Section 2.03B at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Bond Registrar, as designated below, shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts:

For Bonds maturing on February 1, 20__:

Year	Amount

* Final Maturity

For Bonds maturing on February 1, 20__:

Year	Amount

* Final Maturity

Section 3. Registration; Global Book Entry System.

3.01 Designation of Bond Registrar. The City Council appoints Bond Trust Services Corporation, Roseville, Minnesota, as registrar, authenticating agent and transfer agent for the Bonds (such bank or its successors is herein referred to as the "Bond Registrar"), and shall do so until a successor Bond Registrar is duly appointed, all pursuant to a contract which the Issuer and the Bond Registrar shall execute which is consistent herewith and which the Mayor and Administrator/Clerk-Treasurer are authorized to execute and deliver. A successor Bond Registrar shall be a bank or trust company eligible for designation as bond registrar pursuant to the Act. The terms of the appointment of the successor Bond Registrar and its duties shall be specified in a contract between the Issuer and such successor Bond Registrar that is consistent herewith and that the Mayor and Administrator/Clerk-Treasurer are authorized to execute and deliver. The Bond Registrar, which may act through an agent, shall also serve as paying agent until and unless a successor paying agent is duly appointed. The Bond Registrar shall pay principal and interest on the Bonds to the registered Holders (or record Holders) of the Bonds in

the manner set forth herein. The Issuer agrees to pay the reasonable and customary charges for the services of such Bond Registrar.

3.02 Designation of Depository. DTC, a Securities and Exchange Commission designated depository, a limited purpose New York trust company, a member of the Federal Reserve System, and a “clearing corporation” within the meaning of the New York Uniform Commercial Code, is designated as the depository (the “Depository”) with respect to the Bonds.

3.03 Authentication of Bonds. No Bond shall be valid or obligatory for any purpose unless or until either (i) the Bond Registrar’s authentication certificate on such Bond, substantially set forth in Section 4.01 hereof, shall have been duly executed by an authorized representative of the Bond Registrar or (ii) the Bonds have been manually executed by at least one officer of the City Council. Authentication certificates on different Bonds need not be signed by the same representative. The Bond Registrar shall authenticate each Bond by execution of the Certificate of Authentication on the Bond and shall date each Bond in the space provided as of the date on which the Bond is registered. For purposes of delivering the original Bonds, the Bond Registrar shall insert as the date of registration the date of original issue. The executed Authentication Certificate or the manual signature of at least one officer of the City Council on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution.

3.04 Bond Register; Transfer; Exchange.

A. The Issuer shall cause to be kept by the Bond Registrar at its principal office, a bond register in which, subject to such reasonable regulations as the Bond Registrar may prescribe, the Issuer shall provide for the registration of the Bonds and the registration of transfers of the Bonds entitled to be registered or transferred as herein provided. In the event of the resignation or removal of the Bond Registrar or its incapability of acting as such, the bond registration records shall be maintained at the office of the successor Bond Registrar as may be appointed by the City Council.

B. Upon surrender for transfer of any Bond at the principal corporate office of the Bond Registrar, the Issuer shall execute, if required by law or this Resolution, and the Bond Registrar shall authenticate, if required by law or this Resolution, date (in the space designated Date of Registration) and deliver, in the name(s) of the designated transferee or transferees, one or more new Bonds of the like aggregate principal amount having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Bond may be registered in blank or in the name of “bearer” or similar designation. Transfer of a Bond may be made on the Issuer’s books by the registered owner in person or by the registered owner’s attorney duly authorized in writing. Transfers shall be subject to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar, including regulations which permit the Bond Registrar to close its transfer books between record dates and payment dates. The Issuer and the Bond Registrar shall not be required to make any transfer or exchange of any Bonds called for redemption or to make any such exchange or transfer of the Bonds during the 15 days next preceding the date of the first publication or the mailing (if there is no publication) of notice of redemption in the case of a proposed redemption of the Bonds.

C. Every Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Registrar, duly executed by the registered owner thereof, with signature guaranteed, or by the registered Holder's attorney duly authorized in writing, and shall include written instructions as to the details of the transfer of the Bond. When any Bond is presented to the Bond Registrar for transfer, the Bond Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Bond Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

D. At the option of the Holder, replacement Bonds may be exchanged for Bonds of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Bonds to be exchanged at the principal office of the Bond Registrar. Whenever any Bonds are so surrendered for exchange, the Issuer shall execute (if required by law or this Resolution), and the Bond Registrar shall authenticate (if required by law or this Resolution), date (in the space designated Date of Registration) and deliver the replacement Bonds which the Holder making the exchange is entitled to receive. Bonds registered in the name of Cede & Co. may not be exchanged for Bonds of smaller denominations.

E. All Bonds surrendered upon any exchange or transfer provided for in this Resolution shall be promptly canceled by the Bond Registrar and thereafter disposed of as directed by the Issuer.

F. Each Bond delivered upon transfer of or in exchange for or in lieu of any other Bond shall carry all of the rights to interest, accrued and unpaid and to accrue, which are carried by such other Bond. All Bonds delivered in exchange for or upon transfer of Bonds shall be valid general obligations of the Issuer evidencing the same debt, shall be entitled to the same benefits under this Resolution as the Bonds surrendered for such exchange or transfer, and shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bonds.

G. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of any Bond and any legal or unusual costs regarding transfers and lost bonds.

H. Bonds registered in the name of Cede & Co. may not after their original delivery, be transferred or exchanged except in accordance with the terms and conditions of the Representation Letter and:

(i) upon exchange of a Bond after a partial redemption, if provided in Section 2.03 of this Resolution;

(ii) to any successor of the Depository (or its nominee) or any substitute depository (a "Substitute Depository") designated pursuant to clause (iii) below; provided that any successor of the Depository or any Substitute Depository must be both a "clearing corporation" as defined in the Minnesota Uniform Commercial Code, Minnesota Statutes, Section 336.8-102, and a qualified and registered "clearing agency" as provided in Section 17A of the Securities Exchange Act of 1934, as amended;

(iii) to a Substitute Depository designated by and acceptable to the Issuer upon (a) the determination by the Depository that the Bonds shall no longer be eligible for its depository services or (b) a determination by the Issuer that the Depository is no longer able to carry out its functions; provided that any Substitute Depository must be qualified to act as such, as provided in subclause (ii) above; or

(iv) in the event that (a) the Depository shall resign or discontinue its services for the Bonds or be declared no longer able to carry out its functions and the Issuer is unable to locate a Substitute Depository within two months following the resignation or discontinuance or determination of noneligibility, or (b) the Issuer determines in its sole discretion that (1) the continuation of the book-entry system described herein might adversely affect the interests of the beneficial owners of the Bonds, or (2) it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, then the Issuer shall notify the Holders of its determination and of the availability of replacement Bonds to Holders. The Issuer, the Bond Registrar and the Depository shall cooperate in providing Replacement Bonds to Holders requesting the same and the registration, transfer and exchange of such Bonds shall thereafter be conducted as provided in Section 3 of this Resolution.

I. In the event of the designation of a Substitute Depository as authorized by clause H., the Bond Registrar, upon presentation of a Bond, shall register their transfer to the Substitute Depository, and the Substitute Depository shall be treated as the Depository for all purposes and functions under this Resolution. The Representation Letter shall not apply to the Substitute Depository unless the Issuer and the Substitute Depository so agree, and the execution of a similar agreement is authorized.

3.05 Persons Deemed Owners; Payment.

A. The Issuer and the Bond Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in Section 2.02 above), on such Bond and for all other purposes whatsoever, whether or not such Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

B. For the purposes of all actions, consents and other matters affecting Holders of Bonds issued under this Resolution as from time to time supplemented, other than payments, redemptions, and purchases, the Issuer may (but shall not be obligated to) treat as the Holder of a Bond the beneficial owner of the Bond instead of the person in whose name the Bond is registered. For that purpose, the Issuer may ascertain the identity of the beneficial owner of the

Bond by such means as the Bond Registrar in its sole discretion deems appropriate, including but not limited to a certificate from the Depository or other person in whose name the Bond is registered identifying such beneficial owner.

C. The principal of and interest on the Bonds shall be payable by the Bond Registrar in such funds as are legal tender for the payment of debts due the United States of America. The Issuer shall pay the reasonable and customary charges of the Bond Registrar for the disbursement of principal and interest.

3.06 Use of Global Book-Entry System.

A. There has been previously submitted to this City Council a form of Blanket Issuer Letter of Representations (the "Representation Letter") between the Issuer and the Depository setting forth various matters relating to the Depository and its role with respect to the Bonds. The terms and conditions of the Representation Letter are ratified.

B. All of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. Payment of interest on and principal of any Bond registered in the name of Cede & Co. shall be made by wire transfer or New York Clearing House or equivalent same day funds by 10:00 a.m. CT or as soon as possible thereafter following the Bond Registrar's receipt of funds from the Issuer on each Interest Payment Date to the account of Cede & Co. on each Interest Payment Date at the address indicated in or pursuant to the Representation Letter.

C. So long as DTC is the Depository or it or its nominee is the Holder of any Bonds, the Issuer shall comply with the provisions of the Representation Letter, as it may be amended or supplemented from time to time.

D. Additional matters with respect to, among other things, notices, consents and approvals by Holders and payments on the Bonds are set forth in the Representation Letter.

E. The provisions in the Representation Letter are incorporated herein by reference and made a part of this resolution, and if and to the extent any such provisions are inconsistent with the other provisions of this resolution, the provisions in the Representation Letter shall control.

3.07 Mutilated, Stolen or Destroyed Bonds. If a Bond becomes mutilated or is destroyed, stolen, or lost, the Bond Registrar will deliver a new Bond of like amount, number, maturity date, and tenor in exchange and substitution for and upon cancellation of the mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen, or lost, upon the payment of the reasonable expenses and charges of the Bond Registrar and the Issuer in connection therewith, including the cost of printing new Bonds; and, in the case of a Bond destroyed, stolen, or lost, upon filing with the Bond Registrar and the Issuer of evidence satisfactory to it and the Issuer that the Bond was destroyed, stolen, or lost, and of the ownership thereof, and upon furnishing to the Bond Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it and the Issuer and as provided by law, in which both the Issuer and the Bond Registrar must be named as obligees. Bonds so surrendered to the Bond Registrar will be

canceled by the Bond Registrar and evidence of such cancellation must be given to the Issuer. If the mutilated, destroyed, stolen, or lost Bond has already matured or been called for redemption in accordance with its terms, it is not necessary to issue a new Bond prior to payment.

Section 4. Form of the Bonds.

4.01 The Bonds shall be printed or typewritten in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF COTTONWOOD

R-__ \$_____

CITY OF WINDOM
GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2009A

<u>Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
___%	February 1, 20__	May 28, 2009	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: DOLLARS

The City of Windom, Cottonwood County, Minnesota (the "Issuer"), certifies that it is indebted and for value received, promises to pay to the registered owner specified above or on the Registration Certificate attached hereto, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the maturity date specified above, and to pay interest thereon from the date of original issue set forth above, or from the most recent Interest Payment Date (defined below) to which interest has been paid or duly provided for, until the principal amount is paid, said interest being at the rate per annum specified above. Interest is payable semiannually on February 1 and August 1 of each year (each referred to herein as an "Interest Payment Date") commencing on February 1, 2010, at the rate per annum specified above, calculated on the basis of a 360-day year of twelve 30-day months, until the principal amount is paid or has been provided for. This Bond will bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or provided for, from the date of original issue hereof set forth above.

Payment. The principal of and premium, if any, on this Bond are payable by wire transfer (or other agreed means of payment) on each payment date no later than 12:00 noon (New York, New York time) upon presentation and

surrender hereof at the office of Bond Trust Services Corporation, Roseville, Minnesota, as registrar, paying agent, authenticating agent and transfer agent (the "Bond Registrar"), or at the office of such successor bond registrar as may be designated by the Issuer. Interest on this Bond will be paid on each Interest Payment Date (by 12:00 noon, New York, New York time) by wire transfer (or other agreed means of payment) to the person in whose name this Bond is registered (the "Holder" or "Bondholder") on the registration books of the Issuer maintained by the Bond Registrar and at the address appearing thereon at the close of business on the 15th day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid or duly provided for shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date fixed for the payment of the defaulted interest, and notice of the special record date shall be given by the Bond Registrar to the Holders not less than (10) ten days prior thereto. The Bond Registrar shall make all payments with respect to this Bond without, except for payment of principal on the Bond, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Issuer to the extent of the payments so made. The principal of, premium, if any, and interest on this Bond are payable in lawful money of the United States of America. For the prompt and full payment of such principal and interest as they become due, the full faith and credit of the Issuer are irrevocably pledged.

Date of Payment Not Business Day. If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of New York, New York, or the city where the principal office of the Bond Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment.

Optional Redemption. The Bonds maturing in the years 2011 through 2018 shall not be subject to redemption before maturity, but those maturing in the years 2019 and subsequent years are each subject to redemption and prepayment at the option of the Issuer on February 1, 2018, and on any day thereafter, in whole or in part, and if in part at the option of the Issuer and in such manner as the Issuer shall determine and by lot as to Bonds maturing in the same year, at a price of par plus accrued interest to the date of redemption.

Mandatory Redemption. The Bonds maturing in the years 20__ and 20__ shall be subject to mandatory redemption prior to maturity pursuant to the requirements of the Resolution at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium.

Notice of and Selection of Bonds for Redemption. Not less than 30 nor more than 60 days prior to the date fixed for redemption and prepayment of any Bonds, notice of redemption shall be mailed to each registered owner of a Bond to be redeemed; provided, however, that so long as the Bonds are registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), notice of redemption shall be given in accordance with the terms of the Blanket Issuer Letter of Representations which has been executed by the Issuer and DTC (the “Representation Letter”).

If less than all the Bonds of a maturity are called for redemption while the Bonds are registered in the name of Cede & Co., the Issuer or the Bond Registrar designated below will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. If less than all the Bonds of a maturity are called for redemption and the Bonds are not registered in the name of Cede & Co., the Bond Registrar will determine by lot or other manner deemed fair, the amount of each maturity to be redeemed. All prepayments shall be at a price equal to the principal amount thereof plus accrued interest. If any Bond is redeemed in part, upon surrender of the Bond being redeemed, the Issuer shall deliver or cause to be delivered to the registered owner of such Bond, a Bond in like form in the principal amount equal to that portion of the Bond so surrendered not being redeemed.

Issuance; Purpose. This Bond is one of a series issued by the Issuer in the total aggregate amount of \$1,510,000 General Obligation Improvement Bonds, Series 2009A, all of like original issue date and tenor, except as to number, maturity date, redemption privilege, denomination and interest rate, pursuant to: (i) the authority contained in Minnesota Statutes, Chapters 429 and 475; (ii) the Constitution of the State of Minnesota and all other laws thereunto enabling; and (iii) the Issuer’s home rule charter and an authorizing resolution adopted by the governing body of the Issuer on May 5, 2009 (the “Resolution”), and is issued for the purpose of financing a portion of the costs of local public improvements. The principal of and interest on the Bonds are payable primarily from special assessments levied or to be levied against benefited property and ad valorem taxes pledged to the Debt Service Account in the special fund of the Issuer entitled “2009 Improvement Program Fund,” as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred.

General Obligation. This Bond constitutes a general obligation of the Issuer, and to provide moneys for the prompt and full payment of the principal and interest when the same become due, the full faith and credit and taxing powers of the Issuer have been and are irrevocably pledged.

Denominations; Exchange. The Bonds of this series are issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof. The Issuer will, at the request of the registered owner, issue one or more new fully registered Bonds in the name of the registered owner in the aggregate principal amount equal to the unpaid principal balance of this Bond, and of like tenor except as to number and principal amount at the principal office of the Bond Registrar, but only in the manner and subject to the limitations provided in the Resolution and the Representation Letter. Reference is made to the Resolution for a description of the rights and duties of the Bond Registrar. Copies of the Resolution are on file in the principal office of the Bond Registrar.

Registration; Transfer. This Bond shall be registered in the name of the payee on the books of the Issuer by presenting this Bond for registration to the Bond Registrar, whose representative will endorse his or her name and note the date of registration opposite the name of the payee in the Registration Certificate attached hereto. Thereafter this Bond may be transferred by delivery with an assignment duly executed by the Holder or the Holder's legal representative, and the Issuer and Bond Registrar may treat the Holder as the person exclusively entitled to exercise all the rights and powers of an owner until this Bond is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Bond Registrar, all subject to the terms and conditions provided in the Resolution and the Representation Letter and to reasonable regulations of the Issuer contained in any agreement with, or notice to, the Bond Registrar. Thereupon the Issuer shall execute (if required by law or the Resolution) and the Bond Registrar shall authenticate (if required by law or the Resolution) and deliver, in exchange for this Bond, one or more new fully registered Bonds in the name of the transferee, of an authorized denomination, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity, and bearing interest at the same rate.

Fees Upon Transfer or Loss. The Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the transfer or exchange of this Bond and any legal or unusual costs regarding transfers and lost Bonds. No service charge shall be made by the Issuer for any transfer or exchange hereinbefore referred to but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Treatment of Registered Owner. The Issuer and Bond Registrar may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whatsoever, whether or not this Bond shall be overdue, and neither the Issuer nor the Bond Registrar shall be affected by notice to the contrary.

Authentication. This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until either (i) the Bond Registrar's Authentication Certificate hereon shall have been executed by the Bond Registrar by one of its authorized representatives or (ii) the Bond has been manually executed by at least one officer of the governing body of the Issuer.

Qualified Tax-Exempt Obligations. The Bonds of this issue have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the deduction of interest expenses allocable to the Bonds by financial institutions.

IT IS CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding general obligation of the Issuer enforceable in accordance with its terms, have been done, have happened and have been performed in regular and due form, time and manner as so required; that, if necessary for payment of principal of and interest on the Bonds of this issue, ad valorem taxes may be levied upon all taxable property in the Issuer without limitation as to rate or amount; and that the issuance of this Bond on the date of original issue hereof and the date of its actual original issuance and delivery, does not exceed any constitutional, charter or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Windom, Cottonwood County, Minnesota, by its governing body, has caused this Bond to be executed in its name by the facsimile or manual signature of the Mayor and attested by the facsimile or manual signature of the Administrator/Clerk-Treasurer, the Issuer having no seal or said seal having been intentionally omitted as permitted by law.

ATTEST:

(Form - No signature required)
Administrator/Clerk-Treasurer

(Form - No signature required)
Mayor

Date of Authentication: _____

BOND REGISTRAR'S AUTHENTICATION CERTIFICATE

The Bond Registrar confirms that the books reflect the ownership of the Bond registered in the name of the owner named above in the principal amount and maturing on the date stated above and this Bond is one of the Bonds of the series issued pursuant to the Resolution hereinabove described.

BOND TRUST SERVICES CORPORATION
 ROSEVILLE, MINNESOTA
 Bond Registrar

By _____
 Authorized Representative

REGISTRATION CERTIFICATE

This Bond must be registered as to both principal and interest in the name of the owner on the books to be kept by Bond Trust Services Corporation of Roseville, Minnesota, as Bond Registrar. No transfer of this Bond shall be valid unless made on said books by the registered owner or the owner's attorney thereunto duly authorized and similarly noted on the registration books. The ownership of the unpaid principal balance of this Bond and the interest accruing thereon is registered on the books of Bond Trust Services Corporation in the name of the registered owner last noted below.

Date	Registered Owner	Signature of Bond Registrar
__/__/09	Cede & Co. c/o The Depository Trust Company 55 Water Street New York, NY 10041 Federal Taxpayer I.D. No.: 13-2555119	_____ _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

 (Name and Address of Assignee)

 Social Security or Other
 Identifying Number of Assignee

the within Bond and all rights thereunder and does irrevocably constitute and appoint _____ attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

(Bank, Trust Company, member of
National Securities Exchange)

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange, or payment, and any bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

4.02 Preparation and Execution. The Bonds shall be prepared for execution in accordance with the approved form and shall be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Administrator/Clerk-Treasurer. The legal opinion of Fryberger, Buchanan, Smith & Frederick, P.A. shall be appended to each Bond. The corporate seal of the Issuer may be omitted from the Bonds as permitted by law. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be an officer before delivery of the Bonds, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery.

4.03 Delivery of the Bonds. Delivery of the Bonds and payment of the purchase price shall be made at a place mutually satisfactory to the Issuer and the Purchaser. Printed or typewritten, and executed Bonds shall be furnished by the Issuer without cost to the Purchaser. The Bonds, when prepared in accordance with this Resolution and executed, shall be delivered by or under the direction of the Administrator/Clerk-Treasurer to the Purchaser upon receipt of the purchase price plus accrued interest.

Section 5. Covenants, Accounts and Tax Levies.

5.01 Covenants. It is determined that the Project will directly and indirectly benefit abutting property, and the Issuer covenants with the holders from time to time of the Bonds as follows:

- A. The Issuer has caused or will cause the special assessments for the Project (the "Special Assessments") to be promptly levied so that the first installment will be collectible not later than 2010 and will take all steps necessary to assure prompt collection, and the levy of the Special Assessments is authorized for purposes of Minnesota Statutes, Section 475.55, Subdivision 3. The City Council will cause all further actions and proceedings to be taken with due diligence that are required for the construction of each portion of the Project financed wholly or partly from the proceeds of the Bonds, and for the final and valid levy of the Special Assessments and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.
- B. It is recognized that the Issuer's liability on the Bonds is not limited to the Special Assessments and ad valorem taxes pledged herein, and the City Council covenants and agrees that in the event of any current or anticipated deficiency in Special Assessments or ad valorem taxes, it will levy upon all taxable property within the Issuer and cause to be extended, assessed, and collected, any additional taxes found necessary for full payment of the principal of and interest on the Bonds, without limitation as to rate or amount.
- C. The Issuer will keep complete and accurate books and records showing: receipts and disbursements in connection with the improvements and Special Assessments levied therefor and other funds appropriated for their payment, collections and disbursements thereof, moneys on hand and the balance of unpaid Special Assessments.
- D. The Issuer will cause its books and records to be audited and will furnish copies of such audit reports to any interested person upon request.
- E. The City Council covenants and agrees with the holders of the Bonds and with its taxpayers that it will assess against benefited property not less than 20% of the cost of each Project financed hereunder within the meaning of Minnesota Statutes, Section 475.58, Subdivision 1(3).
- F. The Issuer covenants and agrees that it will let all construction contracts not heretofore let within one year after ordering each Project financed hereunder unless the resolution ordering the Project specifies a different time limit for the letting of construction contracts.
- G. The Issuer further covenants and agrees that it will do and perform as soon as they may be done all acts and things necessary for the final and valid levy of such Special Assessments, and in the event that any such assessment be at any time held

invalid with respect to any lot, piece or parcel of land due to any error, defect, or irregularity in any action or proceedings taken or to be taken by the Issuer or the City Council, or any of the Issuer officers or employees, either in the making of the Special Assessments or in the performance of any condition precedent thereto, the Issuer and the City Council will forthwith do all further acts and take all further proceedings as may be required by law to make the assessments a valid and binding lien upon such property.

5.02 The Fund. There is created a special fund to be designated the “2009 Improvement Program Fund” (the “Fund”) to be administered and maintained by the Administrator/Clerk-Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the Issuer. The Fund shall be maintained in the manner herein specified until all of the Bonds and the interest thereon have been fully paid. There shall be maintained in the Fund two (2) separate accounts, to be designated the “Construction Account” and “Debt Service Account,” respectively:

A. *Construction Account.*

(1) On receipt of the purchase price of the Bonds, the Issuer shall credit (a) proceeds from the sale of the Bonds, less amounts allocated as capitalized interest funded from Bond proceeds (the “Capitalized Interest”) and less amounts used to pay part of the interest cost of the issue as allowed by Minnesota Statutes, Section 475.56 (the “Additional Interest”) and less amounts allocated to accrued interest paid by the Purchaser upon closing and delivery of the Bonds (the “Accrued Interest”); plus (b) any Special Assessments levied with respect to the Project and collected prior to completion of the Project and payment of the costs thereof, to the Construction Account.

(2) From the Construction Account there shall be paid all costs and expenses of making the Project, including the cost of any construction contracts heretofore let and all other costs incurred and to be incurred of the kind authorized in Minnesota Statutes, Section 475.65; and the moneys in said account shall be used for no other purpose except as otherwise provided by law; provided that the proceeds of the Bonds may also be used to the extent necessary to pay interest on the Bonds due prior to the anticipated date of commencement of the collection of taxes or Special Assessments herein levied or covenanted to be levied; and provided further that if upon completion of the Project there shall remain any unexpended balance in the Construction Account, the balance (other than any Special Assessments) may be transferred by the City Council to the fund of any other improvement instituted pursuant to Minnesota Statutes, Chapter 429, and provided further that any Special Assessments credited to the Construction Account shall only be applied towards payment of the costs of the Project upon adoption of a resolution by the City Council determining that the application of the Special Assessments for such purpose will not cause the Issuer to no longer be in compliance with Minnesota Statutes, Section 475.61, Subdivision 1. Other costs for which payment from the Construction Account is authorized shall

include costs of legal, financial advisory, and other professional services, printing and publication costs, and costs of issuance of the Bonds.

B. *Debt Service Account.*

(1) There is pledged and appropriated and there shall be credited to the Debt Service Account: (i) the Accrued Interest; (ii) the Capitalized Interest; (iii) the Additional Interest; (iv) Special Assessments levied or to be levied for the Project and either initially credited to the Construction Account and not already spent as permitted above and required to pay any principal and interest due on the Bonds or collected subsequent to the completion of the Project and payment of the costs thereof; (v) the ad valorem taxes hereinafter levied; (vi) all funds remaining in the Construction Account after completion of the Project and payment of the costs thereof, not so transferred to the account of another improvement; (vii) any and all other moneys which are properly available and are appropriated by the governing body of the Issuer to the Debt Service Account; and (viii) investment earnings on the monies identified in the foregoing clauses (i) through (vii). The proceeds of the Bonds described in clauses (i) through (viii) of the preceding sentence shall be used for payment of interest on the Bonds.

(2) The money in such account shall be used for no purpose other than the payment of principal and interest and redemption premium, if any, on the Bonds and any other general obligation bonds of the Issuer hereafter issued by the Issuer and made payable from said account as provided by law; provided, however, that if any payment of principal or interest shall become due when there is not sufficient money in the Debt Service Account, the Administrator/Clerk-Treasurer shall pay the same from any other fund of the Issuer, which fund shall be reimbursed from the Debt Service Account when the balance therein is sufficient.

5.03 Tax Levy. A. For the prompt and full payment of the principal and interest on the Bonds when due, the full faith and credit and taxing power of the Issuer are irrevocably pledged. There is levied a direct annual ad valorem tax upon all taxable property in the Issuer which shall be spread upon the tax rolls and collected with and as part of other general property taxes in the Issuer. Said levies are for the years and in the amounts set forth in ATTACHMENT A hereto, which is incorporated by reference as though fully set forth herein.

B. The tax levies are such that if collected in full, they together with estimated collections of investment earnings and Special Assessments herein pledged for payment of the Bonds, will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Bonds.

C. The tax levies shall be irrevocable so long as any of the Bonds are outstanding and unpaid; provided, however, that on November 30 of each year, while any Bonds issued hereunder remain outstanding, the City Council shall reduce or cancel the above levies to the extent of funds available in the Debt Service Account to pay principal and interest due during the

ensuing year, and shall direct the County Auditor to reduce the levy for such calendar year by that amount.

5.04 Investments. Monies on deposit in the Construction Account and in the Debt Service Account may, at the discretion of the Administrator/Clerk-Treasurer, be invested in securities permitted by Minnesota Statutes, Chapter 118A, that any such investments shall mature at such times and in such amounts as will permit for payment of project costs and/or payment of the principal and interest on the Bonds when due.

Section 6. Tax Covenants.

6.01 General.

A. The Issuer covenants and agrees with the Holders of the Bonds that the Issuer will (i) take all action on its part necessary to cause the interest on the Bonds to be exempt from federal income taxes including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Bonds and investment earnings thereon, making required payments to the federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Bonds to be subject to federal income taxes, including, without limitation, refraining from spending the proceeds of the Bonds and investment earnings thereon on certain specified purposes.

B. The Issuer covenants with the Holders from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action which would cause the interest payable on the Bonds to become subject to taxation under the Internal Revenue Code; and that it will take, or it will cause its officers, employees or agents to take, all affirmative actions within its powers which may be necessary to insure that such interest will not become subject to taxation under the Code. The term "Internal Revenue Code" or "Code" as used herein includes the Internal Revenue Code of 1986, as amended, and all regulations, amended regulations and proposed regulations issued thereunder, as now existing, or as hereafter amended or proposed.

C. No portion of the proceeds of the Bonds shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (i) for a reasonable temporary period until such proceeds are needed for the purpose for which the Bonds were issued and (ii) in addition to the above in an amount not greater than the lesser of five percent (5%) of the proceeds of the Bonds or \$100,000. To this effect any proceeds of the Bonds and any sums from time to time held in the Debt Service Account (or any other Issuer account which will be used to pay principal or interest to become due on the Bonds payable therefrom) in excess of amounts which under then applicable federal arbitrage restrictions may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in those funds shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United

States or any agency or instrumentality thereof if and to the extent that such investment would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

6.02. Small-Issuer Rebate Exception. For purposes of qualifying for the small-issuer exception to the federal arbitrage rebate requirements, the Issuer finds, determines and declares:

- A. the Issuer is a governmental unit with general taxing powers;
- B. the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- C. 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and
- D. the aggregate face amount of the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

6.03. Bank Qualification. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the Issuer makes the following factual statements and representations:

- A. the Bonds are not “private activity bonds” as defined in Section 141 of the Code;
- B. the Issuer designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;
- C. the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the Issuer (and all entities whose obligations will be aggregated with those of the Issuer) during the calendar year in which the Bonds are being issued will not exceed \$30,000,000; and
- D. not more than \$30,000,000 of obligations issued by the Issuer during the calendar year in which the Bonds are being issued have been designated for purposes of Section 265(b)(3) of the Code.

6.04 Arbitrage Certification. The Mayor and the Administrator/Clerk-Treasurer, being the officers of the Issuer charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser an arbitrage certification in order to satisfy the provisions of the Code and the regulations promulgated thereunder.

6.05 Opinion of Counsel. Notwithstanding any other provision of this Section 6, any requirement imposed hereunder or under Section 5 hereof may be deemed inapplicable and of no force or effect if an opinion of counsel is rendered to the Issuer by nationally recognized Bond Counsel to the effect that the failure to impose such requirement will not adversely effect the tax exempt status of interest on the Bonds.

Section 7. Certificates of Proceedings; Miscellaneous.

7.01 Filing of Resolution; County Auditor Certificate. The Clerk is directed to file a certified copy of this Resolution in the office of the County Auditor of Cottonwood County, along with such other information as the County Auditor may require, and to obtain from the County Auditor a certificate stating that the Bonds herein authorized have been duly entered on the Auditor's register and that the tax required by law for the payment of said Bonds has been levied.

7.02 Authentication of Transcript. The officers of the Issuer are authorized and directed to prepare and furnish to the Purchaser and to Bond Counsel certified copies of all proceedings and records of the Issuer relating to the authorization and issuance of the Bonds and to the financial condition and affairs of the Issuer and other affidavits and certificates as may reasonably be requested to show the facts relating to the legality and marketability of the Bonds as such facts appear from the official books and records of the officers' custody or otherwise known to them. All of such certified copies, certificates and affidavits, including any heretofore furnished, constitute representations of the Issuer as to the correctness of facts recited therein and the actions stated therein to have been taken.

7.03 Offering Materials. The Official Statement relating to the Bonds, on file with the Clerk and presented to this meeting, is approved and deemed final, and the furnishing thereof to prospective purchasers of the Bonds is ratified and confirmed, insofar as the same relates to the Bonds and the sale thereof. The Mayor and the Clerk are authorized and directed to certify that they have examined the Official Statement prepared and circulated in connection with the issuance and sale of the Bonds and that to the best of their knowledge and belief the Official Statement is a complete and accurate representation of the facts and representations made therein as of the date of the Official Statement.

7.04 Absent or Disabled Officers. In the event of the absence or disability of the Mayor or the Clerk, such officers or members of the City Council as in the opinion of the Issuer's attorney, may act in their behalf, shall without further act or authorization, execute and deliver the Bonds, and do all things and execute all instruments and documents required to be done or executed by such absent or disabled officers.

7.05 Defeasance. When all Bonds have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Bonds shall, to the extent permitted by law, cease. The Issuer may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Bond

Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The Issuer may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Bond Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The Issuer may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without regard to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

Section 8. Continuing Disclosure. The City Council acknowledges that the Bonds are subject to the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) (the "Rule"). The Rule governs the obligations of certain underwriters to require that issuers of municipal bonds enter into agreements for the benefit of the Holders to provide continuing disclosure with respect to the Bonds. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit underwriters of the Bonds to comply with the Rule, which will enhance the marketability of the Bonds, the Mayor and the Clerk are authorized and directed to execute a Continuing Disclosure Certificate substantially in the form of the Certificate currently on file in the office of the Issuer.

Section 9. Authorization of Payment of Certain Costs of Issuance. The Issuer authorizes the purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Bank of America, N.A., New York, New York on the date of closing and delivery of the Bonds (the "Closing Date") for further distribution as directed by the Issuer's Financial Advisor and as set forth in the officers' certificate provided to the Purchaser on the Closing Date.

Adopted May 5, 2009.

Mayor

ATTEST:

Administrator/Clerk-Treasurer

M:\DOCS\12336\000015\ROLLQ9719.DOC

ATTACHMENT A

**ISSUENAME
City of Windom, Minnesota**

Levy Year	Collection Year	Tax Levy
2009	2010	
2010	2011	
2011	2012	
2012	2013	
2013	2014	
2014	2015	
2015	2016	
2016	2017	
2017	2018	
2018	2019	
2019	2020	
2020	2021	
2021	2022	
2022	2023	
2023	2024	
2024	2025	

STATE OF MINNESOTA)
) ss.
COUNTY OF COTTONWOOD)

I, the undersigned, the duly qualified and acting Administrator/Clerk-Treasurer of the City of Windom, Minnesota (the "Issuer"), do certify that I am the official custodian of the records of the Issuer, and that I have compared the attached copy with the original records of the Issuer, and that it is a true and correct transcript taken from the records of a meeting of the City Council, held at the City of Windom in said State, on May 5, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand as Administrator/Clerk-Treasurer of the Issuer on May __, 2009.

Administrator/Clerk-Treasurer

EXTRACT OF MINUTES OF A REGULAR MEETING OF THE
CITY COUNCIL OF
THE CITY OF WINDOM, MINNESOTA

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Windom, Cottonwood County, Minnesota, was duly called and held at the City Hall in the City of Windom, Minnesota on Tuesday, May 5, 2009, at 7:30 p.m.

The following members were present:

Councilors

and the following members were absent:

Councilor

The Council was presented with a resolution awarding the sale of the \$1,510,000 General Obligation Improvement Bonds, Series 2009A, to _____ of _____.

MOTION: Member _____ moved to adopt Resolution No. 2009-___ entitled "Resolution Providing for the Issuance, Sale and Delivery of \$1,510,000 General Obligation Improvement Bonds, Series 2009A, to Pay a Portion of the Costs of Local Public Improvements; Establishing the Terms and Conditions Therefor; Creating a Construction Account and a Debt Service Account Therefor; and Awarding the Sale Thereof"

SECOND: Member _____

RESULT: On a roll call vote the motion was carried.

Ayes: —
Nays: —
Not Voting: —
Absent: —

The Resolution was then signed by the Mayor, whose signature was attested by the Administrator/Clerk-Treasurer.

**Standard & Poor's General Obligation Ratings of
Minnesota Local Governments as of 03/31/2009**

**Check our web site, www.standardandpoors.com or Ratings
Direct for any Rating Changes since this date**

Obligor	State	Rating	Outlook
1 Alexandria	MN	AA-	STABLE
2 Andover	MN	AA+	STABLE
3 Anoka Cnty	MN	AAA	STABLE
4 Anoka-Hennepin Indpt Sch Dist #11	MN	AA-	STABLE
5 Arden Hills	MN	A+	STABLE
6 Belle Plaine	MN	AA-	STABLE
7 Bloomington	MN	AAA	STABLE
8 Bloomington Indpt Sch Dist #271	MN	AA+	STABLE
9 Buffalo	MN	AA-	STABLE
10 Byron	MN	AA+	STABLE
11 Cambridge	MN	A+	STABLE
12 Carver	MN	A+	STABLE
13 Champlin	MN	AA-	STABLE
14 Chanhassen	MN	AA+	STABLE
15 Chaska	MN	AA	STABLE
16 Cologne	MN	A+	STABLE
17 Cottage Grove	MN	AA+	STABLE
18 Credit River Twn	MN	AA-	STABLE
19 Dakota Cnty	MN	AA+	STABLE
20 Dodge Cnty	MN	AA-	STABLE
21 Duluth	MN	AA-	STABLE
22 Eagan	MN	AA+	STABLE
23 Eagle Lake	MN	AA-	STABLE
24 Edina	MN	AAA	STABLE
25 Faribault Indpt Sch Dist #656	MN	A+	STABLE
26 Farmington	MN	AA-	STABLE
27 Gaylord	MN	A	STABLE
28 Grand Marais	MN	A	STABLE
29 Hallock	MN	A-	STABLE
30 Hennepin Cnty	MN	AAA	STABLE
31 Hopkins	MN	AA-	STABLE
32 Isanti	MN	A+	STABLE
33 Itasca Cnty	MN	A+	STABLE
34 Janesville	MN	A+	STABLE

35 Luverne	MN	A+	STABLE
36 Milaca	MN	AA-	STABLE
37 Minneapolis	MN	AAA	STABLE
38 Minneapolis St Paul Metro Arpts Comm	MN	AAA	STABLE
39 Minnesota	MN	AAA	STABLE
40 Minnetonka Beach Vill	MN	AAA	STABLE
41 Montevideo	MN	A	STABLE
42 Morrison Cnty	MN	A	STABLE
43 New York Mills Vill	MN	A	STABLE
44 Nicollet	MN	A	STABLE
45 North St Paul	MN	AA-	STABLE
46 Norwood Young America	MN	A+	STABLE
47 Olmsted Cnty	MN	AAA	STABLE
48 Osseo	MN	A-	STABLE
49 Park Rapids	MN	A	STABLE
50 Pennington Cnty	MN	A+	STABLE
51 Pine Island	MN	A	STABLE
52 Proctor	MN	A+	STABLE
53 Ramsey Cnty	MN	AAA	STABLE
54 Rochester	MN	AAA	STABLE
55 Rockville	MN	AA-	STABLE
56 Roseau Cnty	MN	AAA	STABLE
57 Roseville	MN	AA	STABLE
58 Sartell	MN	AA-	STABLE
59 Sherburne Cnty	MN	AA	STABLE
60 Springfield	MN	A+	STABLE
61 St Cloud	MN	AA+	STABLE
62 St Louis Pk	MN	AAA	STABLE
63 St Michael	MN	AA-	STABLE
64 St Paul	MN	AAA	STABLE
65 St Paul Indpt Sch Dist #625	MN	AA	STABLE
66 St Paul Port Auth	MN	AAA	STABLE
67 St. Bonifacius	MN	AA-	STABLE
68 St. Joseph	MN	A	STABLE
69 St. Paul Pk	MN	AA-	STABLE
70 Stearns Cnty	MN	AA	STABLE
71 Thief River Falls	MN	A	STABLE
72 Victoria	MN	AA	STABLE
73 Wabasha Cnty	MN	AA-	STABLE
74 Waconia	MN	AA	STABLE
75 Waite Park	MN	A+	STABLE
76 Wanamingo	MN	A	STABLE

77 Washington Cnty
78 Winona Cnty

MN	AAA	STABLE
MN	AA	STABLE

COTTONWOOD COUNTY

Emergency Mgmt.



MARK MARCY

Cottonwood County Emergency Management

902 5th Ave. Suite 101 • Windom, MN 56101

Office: (507) 832-8255 • Fax: (507) 832-8254

24 hr. cell (507) 822-0885

e-mail: mark.marcy@co.cottonwood.mn.us

04-27-2009

To: Windom City Council

- Mayor Kirby Kruse
- Council Member Robert Messer
- Council Member Brad Powers
- Council Member Corey Maricle
- Council Member Jean Fast
- Council Member JoAnn Ray

City Administrator Steve Nasby

Re: "County Wide" radio project

Mr. Mayor and Council Members, Mr. Nasby-

As you may know, we received formal announcement of the AFG (Assistance to Firefighter's Grant) program announcement. This potential funding source is what we would be relying on to help fund our communications project. We have learned that the closing date is May 20th, which does not leave us a great deal of time to gather the necessary information, write and submit the grant application.

We have also learned that this grant has a one million dollar application "cap", which required us to re-figure some of the user equipment and options. Attached elsewhere to this letter is a list of options explaining 3 options and approximate costs of replacing radios.

As of this writing, Resolutions of support have been passed by Mt. Lake, Storden and Cottonwood County. I am awaiting the resolutions of the other cities (Westbrook, Jeffers, Comfrey and of course Windom☺).

On a different note, I have recently attended some trainings (Federal training- Communications Unit Leader Training- COM-L) and several Regional Advisory Committee, Regional Radio Board and Regional Advisory Committee meetings, and have changed my views completely regarding the "ARMER" or 800 mghz State Radio System. To promote better communications within our county, as well as with some of our neighbors that have already made the commitment to "go ARMER", I would like to recommend that each City as well as Cottonwood County take a very serious look at this system that is being built for us. I would also STRONGLY ENCOURAGE you to become more educated on this system as I have, and also that you encourage your department heads to do the same.

MN DOT, the State Patrol, DNR, and all other state agencies will be migrating to this system before 2013, and the State of Minnesota has extended invitations to local entities to join and use the system at no cost. (all we would need to purchase is "user equipment").

Regardless of which option we choose, there is a necessity to be interoperable both within Cottonwood County, as well as with our neighbors, AND, to be interoperable, a large sum of money will need to be expended on hand held and portable radios to enable first responders to speak with each other across the City, across the County, across the State, and across the Country.

It is my hope and recommendation that the City Council of Windom would sign and pass the proposed resolution, and fully support the efforts of Emergency Management, your Police Department, Ambulance Service and Fire/Rescue Departments to apply for this grant, to better serve the citizens not only of Windom, but of Cottonwood County.

As always, if there are ANY questions, please feel free to reach me at any of the following:

Office: 507 832 8255
Fax: 507 832 8254
Cell: 507 822 0885
Email: mark.marcy@co.cottonwood.mn.us

Or stop in at my office, Monday thru Friday, at 902 5th Avenue, Windom
(I am in the basement, north east corner of the building, in the "Driver's Exam room")

I thank you for your time, and again, I strongly encourage you to become more educated and involved in the communications meetings – please give me a call for more details-

Sincerely,

Mark R. Marcy, Director
Safety/Training/Weather Coordinator
Cottonwood County Emergency Management
902 5th Avenue
Suite 101
Windom, Minnesota, 56101

PRELIMINARY tentative approximate cost worksheet
For Fire Act Grant 95/5 (matching)

WESTBROOK: (VHF Digital Option)

- Portables: 33 x \$2,800.00 each= \$92,400.00
- Mobiles: 11 x \$4,300.00 each= \$47,300.00
- Pagers: 34 x \$450.00 each= \$15,300.00
- Repeater (co wide page channel) \$20,000 \$20,000.00
- TOTAL: \$175,000.00
- **info includes Police, Fire, EMS and Public Works
- Match requirement: \$8,750.00

WESTBROOK: (VHF Narrowband- non digital option)

- Portables: 33 x \$822.00 each = \$27,126.00
- Mobiles: 11 x \$1,800 each \$19,800.00
- Pagers: 34 x \$550.00 \$18,700
- Repeater: 1 x \$20,000.00 \$20,000.00
- TOTAL: \$85,626.00
- Match Requirement: \$4,281.30

WESTBROOK: (800 ARMER Option):

- Portables: 29 x \$1,400 \$40,600.00
- Port. (L.E.) 4 x \$2,400 \$9,600.00
- Mobiles: 8 x \$2,200 \$17,600.00
- Mob. (L.E.) 1 x \$3,250 \$3,250.00
- NO REPEATER or additional infrastructure
- Pagers: 34 x \$550 \$18,700
- TOTAL: \$89,750.00
- Match Requirement: \$4,487.50

STORDEN: (VHF Digital Option)

- Portables: 17 x \$2,800.00 each= \$47,600.00
- Mobiles: 9 x \$4,300.00 each= \$38,700.00
- Pagers: 35 x \$450.00 each= \$15,750.00
- Repeater (Co Wide Paging) \$20,000.00 \$20,000.00
- TOTAL: \$122,050.00
- **Info includes Fire and First Responders only.
- Match requirement: \$6,102.50

STORDEN: (VHF Narrowband- non digital option)

- Portables: 17 x \$822.00 \$13,974.00
- Mobiles: 9 x \$1,800.00 \$16,200.00
- Pagers: 35 x \$550.00 \$19,250.00
- Repeater: 1 x \$20,000.00 \$20,000.00
- TOTAL: \$69,424.00
- Match Requirement: \$3,471.20

STORDEN: (ARMER 800 Option):

- Portables: 17 x \$1,400.00 \$23,800.00
- Mobiles: 9 x \$2,200.00 \$19,800.00
- Pagers: 35 x \$550.00 \$19,250.00
- NO REPEATER or infrastructure needed
- TOTAL: \$62,850.00
- Match Requirement: \$3,142.50

WINDOM: (VHF Digital Option)

• Portables:	51	x	\$2,800.00 each=	\$142,800.00
• Mobiles:	45	x	\$4,300.00 each=	\$193,500.00
• Pagers:	56	x	\$450.00 each=	\$25,200.00
• Repeater: (already exists- water tower)				\$000.00
• Total:				\$361,500.00
• **Includes: Police, Fire, EMS, Water, Street, Light depts.				
• Match requirement:				\$18,075.00

WINDOM: (VHF Narrowband-non digital Option)

• Portables:	51	x	\$822.00	\$41,922.00
• Mobiles:	45	x	\$1,800.00	\$81,000.00
• Pagers:	56	x	\$550.00	\$30,800.00
• Repeater:	1	x	\$20,000.00	\$20,000.00
• TOTAL:				\$173,722.00
• Match Requirement:				\$8,686.10

WINDOM: (ARMER 800 Option):

• Portables:	66	x	\$1,400.00	\$92,400.00
• Port. (L.E.)	9	x	\$2,400.00	\$21,600.00
• Mobiles:	10	x	\$2200.00	\$22,000.00
• Mob. (L.E.)	3	x	\$3,250.00	\$9,750.00
• Pagers:	56	x	\$550.00	\$30,800.00
• NO repeater or infrastructure needed				-
• TOTAL:				\$176,550.00
• Match Requirement:				\$8,827.50

JEFFERS: (VHF Digital Option)

• Portables:	17	x	\$2,800.00 each=	\$47,600.00
• Mobiles:	9	x	\$4,300.00 each=	\$38,700.00
• Pagers:	40	x	\$450.00 each=	\$18,000.00
• Repeater: (Co Wide Paging)			\$20,000.00	\$20,000.00
• TOTAL:				\$124,300.00
• **includes: Fire, EMS and Public Works				
• Match Requirement:				\$6,215.00

JEFFERS: (VHF narrowband- non digital Option)

• Portables:	17	x	\$822.00	\$13,974.00
• Mobiles:	9	x	\$1,800.00	\$16,200.00
• Pagers:	40	x	\$550.00	\$22,000.00
• Repeater:		x	\$20,000.00	\$20,000.00
• TOTAL:				\$72,174.00
• Match Requirement:				\$3,608.70

JEFFERS: (ARMER 800 Option):

• Portables:	17	x	\$1,400.00	\$23,800.00
• Mobiles:	9	x	\$2,200.00	\$19,800.00
• Pagers:	40	x	\$550.00	\$22,000.00
• NO repeater or infrastructure				
• TOTAL:				\$65,600.00
• Match Requirement:				\$3,280.00

MT. LAKE: (VHF Digital Option)

• Portables:	35	x	\$2,800.00 each=	\$98,000.00
• Mobiles:	14	x	\$4,300.00 each=	\$60,200.00
• Pagers:	51	x	\$450.00 each=	\$22,950.00
• Repeater: (Co Wide Paging)			\$20,000.00	\$20,000.00
• TOTAL:				\$201,150.00
• **includes: Fire, EMS, Police, public works				
• Match requirement:				\$10,057.50

MT. LAKE: (VHF Narrowband- non digital Option):

• Portables:	35	x	\$822.00	\$28,770.00
• Mobiles:	14	x	\$1,800.00	\$25,200.00
• Pagers:	51	x	\$550.00	\$28,050.00
• Repeater:	1	x	\$20,000.00	\$20,000.00
• TOTAL:				\$102,020.00
• Match Requirement:				\$5,101.00

MT. LAKE: (ARMER 800 Option):

• Portables:	28	x	\$1,400.00	\$39,200.00
• Port. (L.E.)	7	x	\$2,400.00	\$16,800.00
• Mobiles:	12	x	\$2,200.00	\$26,400.00
• Mob (L.E.)	2	x	\$3,250.00	\$6,500.00
• Pagers:	51	x	\$550.00	\$28,050.00
• TOTAL:				\$116,950.00
• Match Requirement:				\$5,847.50

COMFREY: (VHF Digital Option)

• Portables:	21	x	\$2,800.00 each=	\$58,800.00
• Mobiles:	10	x	\$4,300.00 each=	\$43,000.00
• Pagers:	12	x	\$450.00 each=	\$5,400.00
• Total:				\$107,200.00
• **includes:	Fire, EMS, Police, Pubic Works			
• Matching requirement:				\$5,360.00

COMFREY: (VHF Non Digital Option)

• Portables:	21	x	\$822.00	\$17,262.00
• Mobiles:	10	x	\$1,800.00	\$18,000.00
• Pagers:	12	x	\$550.00	\$6,600.00
• Total:				\$41,862.00
• Match Requirement:				\$2,093.10

COMFREY: (ARMER 800 Option):

• Portables:	19	x	\$1,400.00	\$26,600.00
• Port. (L.E.)	2	x	\$2,400.00	\$4,800.00
• Mobiles	9	x	\$2,200.00	\$19,800.00
• Mob (L.E.)	1	x	\$3,250.00	\$3,250.00
• Pagers:	12	x	\$550.00	\$6,600.00
• TOTAL:				\$61,050.00
• Match Requirement:				\$3,052.50

COTTONWOOD CO HWY. DEPT.: (VHF Digital Option)

- Portables: 9 x \$2,800.00 each= \$25,200.00
- Mobiles: 69 x \$4,300.00 each= \$296,700.00
- Repeater: (Co Wide Coverage) \$40,000.00
- Total: \$361,900.00
- ****Includes all equip reported... Could substitute portables for mobiles in most vehicles...**
- Match requirement with mobiles: \$18,095.00

COTT CO HWY DEPT. (VHF Narrowband non digital)

- Portables: 9 x \$822.00 \$7,398.00
- Mobiles: 69 x \$1,800.00 \$124,200.00
- Repeater: 2 x \$20,000.00 \$40,000.00
- TOTAL: \$171,598.00
- Match Requirement: \$8,579.90

COTT CO HWY DEPT. (ARMER 800 Option)

- Portables: 30 x \$1,400.00 \$42,000.00
- Mobiles: 1 x \$2,200.00 \$2,200.00
- NO repeater or infrastructure
- TOTAL: \$44,200.00
- Match Requirement: \$2,210.00

SHERIFF: (VHF Digital Option):

- Portables: 10 x \$2,800.00 each= \$28,000.00
- Mobiles: 6 x \$4,300.00 each= \$25,800.00
- Repeater: Mtlk., Wstbk, Jeff, Wdm. \$80,000.00
- Total: \$133,800.00
- Match requirement: \$6,690.00

SHERIFF: (VHF Narrowband non digital Option)

- Portables: 10 x \$822.00 \$8,220.00
- Mobiles: 6 x \$3,250.00 \$19,500.00
- Repeater: 4 x \$20,000.00 \$80,000.00
- TOTAL: \$107,720.00
- Match Requirement: \$5,386.00

SHERIFF: (ARMER 800 Option):

- Portables: 10 x \$2,400.00 \$24,000.00
- Mobiles: 6 x \$3,250.00 \$19,500.00
- No initial repeater costs... *****
- TOTAL: \$43,500.00
- Match Requirement: \$2,175.00

EMERGENCY MANAGEMENT (VHF Digital):

- Portables: 6 x \$2,800.00 each= \$16,800.00
- Mobiles: 4 x \$4,300.00 each= \$17,200.00
- Total: \$34,000.00
- Match requirement: \$1,700.00

Emg. Mgmt. (VHF Narrowband, non digital):

- Portables: 6 x \$822.00 \$4,932.00
- Mobiles: 2 x \$3,250.00 \$6,500.00
- Total: \$11,432.00
- Match Requirement: \$571.60

Emg. Mgmt. (ARMER 800 Option)

- Portables: 4 x \$2,400.00 \$9,600.00
- Mobiles: 3 x \$3,250.00 \$9,750.00
- TOTAL: \$19,350.00
- Match Requirement: \$967.50

TOTAL VHF DIGITAL (CountyWide):	\$1,620,900.00
TOTAL VHF NON Digital (Co Wide):	\$835,578.00
TOTAL ARMER (Co Wide) (Equipment)	\$679,800.00
TRAINING:	\$20,000.00
ARMER plan integration for using the ARMER system:	\$20,000.00
CACHE of 20 spare radios with options(Co. Emg. Mgmt.)	\$50,000.00
PAGING channel- County Wide:	\$60,000.00

TRAINING:

Training and education for users of the equipment (regardless of ARMER, VHF Narrowband or VHF Digital) would be approximately \$20,000.00 depending on the extent. For VHF Systems, minimal training would be necessary, but for the ARMER system, more in-depth training would be necessary for the users of the system, as well as dispatchers (hence, the \$20,000.00).

It should be noted that there is "PSIC" grant money that is available to Cottonwood County (Approximately \$50,000.00) but this is ONLY for ARMER equipment. This would effectively make the ARMER option the cheapest option- as well as the best fit for the "interoperability" requirements of the grant. This option for "user equipment" purchases are more expensive than other options, BUT, there is no "infrastructure" that needs to be replaced. The State of Minnesota provides the infrastructure, we provide the radios to talk on.

Also, there will be the requirement for us as a county to write a plan to integrate into the ARMER system. This may require an engineer to do this, and may cost between \$10,000 and \$20,000.00 to do. It should be noted that we will need to do this anyway, no matter what way we go... we WILL be interacting with the ARMER system on some level, and will need a plan anyway...

We are not yet 100% sure what our "portable" coverage will be, so there might be the possibility that we would need to add some sort of equipment in the future to bolster those weak areas. Those cost figures are not known at this time, but for purposes of this grant, and knowing

there is a couple of years before we need to be off our current system, we could write that into a “phase 2” grant for next year if it ends up being necessary to add tower sites in weak areas.

If any sites are added, they would not need to meet the “State Specs”, and therefore would be considerably cheaper than what the State is spending per site.

It should be noted as well, that if we went to the ARMER system, we would need to maintain a “county paging” system, similar to what we have in place now. I would propose that we take the frequencies and equipment we have now at those sites, and combine them to make one “county wide paging system” where all departments are paged from one repeated channel. Upon receipt of a page, all other voice communications would operate on the ARMER system...

The figures presented here are for MOTOROLA brand equipment, and are all STATE BID pricing, provided by MOTOROLA, Inc.

For certain cities, there are some different pricing for (L.E.) radios. The “stripped down” version of the radios are used for Public Works, Fire, EMS, etc. but Law Enforcement was quoted the higher end radios that will enable encryption on the 800 ARMER system, to provide for more secure communications.

The Grant was released early last week, and the due date is May 20th, 2009, which does not give us a great deal of time to gather the necessary information, but I am confident we will accomplish this. We also learned that Law Enforcement, Public Works, EMS, and pretty much anyone who communicates with the Fire Service is included in the allowable expenditures for the grant.

RESOLUTION #2009-

INTRODUCED:

SECONDED:

VOTED: **Aye:**
 Nay:
 Absent:

**A RESOLUTION APPROVING PARTICIPATION IN A COUNTYWIDE
COMMUNICATION EQUIPMENT PROJECT AND SUBMISSION OF
“ASSISTANCE TO FIREFIGHTERS” GRANT APPLICATION**

WHEREAS, the Federal Communication Commission has mandated that all public safety agencies that operate radio equipment on frequencies of less than 500 MHz must use radio equipment that is “narrow banded” (i.e., operates in a band width of 12.5 KHz) by January 1, 2013; and

WHEREAS, there is a national Department of Homeland Security initiative underway to develop regional, statewide and interstate communications interoperability to facilitate resource sharing and inter-agency collaboration in response to mass casualty and multi-jurisdictional natural or man-made disasters; and

WHEREAS, grants to obtain communication equipment for a Countywide Communication Equipment Project are available through the “Assistance to Firefighters” Grant Program of the U.S. Department of Homeland Security; and

WHEREAS, it is necessary that one entity act as the legal sponsor for the grant application to be submitted to U.S. Department of Homeland Security; and

WHEREAS, Cottonwood County and the Cities of Comfrey, Jeffers, Mountain Lake, Storden and Westbrook have agreed to participate in the Countywide Communication Equipment Grant application and have designated the City of Windom to act as legal sponsor for the application; and

WHEREAS, the City of Windom understands that there is a five percent (5%) match requirement for grants to fire departments serving areas with a population of 20,000 or less as stated in the Federal Register and sources for these matches are available.

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

1. Cottonwood County and the Cities of Comfrey, Jeffers, Mountain Lake, Storden and Westbrook have agreed to participate in the Countywide Communication Equipment Project and their Commission or Councils have passed a resolution supporting the designation of the City of Windom as the legal sponsor for the grant application for this project.

2. An application shall be submitted to the Assistance to Firefighters Grant Program through the U.S. Department of Homeland Security for a Countywide Communication Equipment Project.
3. The City of Windom shall act as legal sponsor for the grant application; and the Mayor and the City Administrator are hereby authorized, on behalf of the City of Windom, to submit a grant application to the Assistance to Firefighters Grant Program through the U.S. Department of Homeland Security for the funding of this project.
4. The City of Windom has legal authority to apply for financial assistance, and the institutional, managerial, and financial capacity to ensure compliance with the grant requirements and completion of the proposed project.
5. The City of Windom has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.
6. If the grant application for the Countywide Communication Equipment Project is approved, the five percent (5%) match will be provided by the participating agencies. Each City/County participating in the project will provide matching funds in an amount equivalent to its percentage of benefit from the project.
7. If the grant application is approved, each City/County will be responsible to ensure that its portion of the proposed project is properly constructed or assembled, operated and maintained.
8. Upon approval of its grant application by the U.S. Department of Homeland Security, the City of Windom may enter into agreements for the approved project; and the City of Windom certifies that it will comply with applicable laws and all regulations and requirements as contained in said agreements.
9. The Mayor and the City Administrator are hereby authorized, on behalf of the City of Windom, to execute such agreements and contracts as are necessary to implement the project.

Adopted this 5th day of May, 2009.

Kirby G. Kruse, Mayor

ATTEST: _____
Steven Nasby, City Administrator/City Clerk

RESOLUTION #2009-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Abstained:

Absent:

RESOLUTION SUPPORTING THE SUBMISSION OF A GRANT APPLICATION TO THE "ASSISTANCE TO FIREFIGHTERS" GRANT PROGRAM

WHEREAS, the City of Windom is committed to the health, safety and welfare of the citizens of Windom with respect to fire and all other hazards; and

WHEREAS, the City of Windom is also committed to the health, safety and welfare of the Windom Fire Department members and other emergency response personnel with respect to fire and all other hazards; and

WHEREAS, the purchase of a new rescue vehicle would replace a rescue vehicle that is over 20 years old and enhance the department's capabilities with respect to firefighting and other emergency related hazards; and

WHEREAS, funding to purchase a new rescue vehicle may be available through the Assistance to Firefighters Grant Program through the US Department of Homeland Security; and

WHEREAS, it is in the best interests of the City of Windom, its residents and firefighters to submit an application for funding to the Assistance to Firefighters Grant Program through the US Department of Homeland Security for the replacement of the Fire Department's obsolete rescue vehicle; and

WHEREAS, the City of Windom understands that there is a five percent (5%) match requirement for grants to fire departments serving areas with a population of 20,000 or less as stated in the Federal Register and sources for these matches are available.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The City Council of Windom, Minnesota, on behalf of the citizens and firefighters of Windom, supports the Windom Fire Department's efforts in pursuing funding through the Assistance to Firefighters Grant Program through the US Department of Homeland Security.

2. If the City of Windom receives a grant award, the City agrees to match the federal grant funds with an amount of non-federal funds equal to 5% of the total project cost.
3. The City of Windom has legal authority to apply for financial assistance, and the institutional, managerial, and financial capacity to ensure compliance with the grant requirements and completion of the proposed project.
4. The City of Windom has not violated any Federal, State, or local laws pertaining to fraud, bribery, graft, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.
5. The Windom City Council hereby authorizes Dan Fossing, Windom Fire Chief, to submit an application to the Assistance to Firefighters Grant Program through the US Department of Homeland Security.
6. Upon approval of the application, the City of Windom and the Windom Fire Department certify that they will comply with all applicable laws, policies and regulations as stated in the application and subsequent agreements.
7. The Mayor and City Administrator are hereby authorized, on behalf of the City of Windom, to execute such agreements and contracts as are necessary to implement the project.

ADOPTED this 5th day of May, 2009.

Kirby G. Kruse, Mayor

ATTEST: _____
Steve Nasby, City Administrator

ORDINANCE NO. 133, 2ND SERIES

AN ORDINANCE AMENDING SECTION 1 OF ORDINANCE NO. 278, ADOPTED ON THE 3RD DAY OF JANUARY, 1978, AND TITLED "AN ORDINANCE ESTABLISHING A PARK AND RECREATION COMMISSION FOR THE CITY OF WINDOM".

THE CITY COUNCIL OF THE CITY OF WINDOM, MINNESOTA, DOES ORDAIN:

SECTION 1. of Ordinance No. 278 adopted on January 3, 1978, and titled "An Ordinance Establishing a Park and Recreation Commission for the City of Windom" is amended to read:

Section 1: There is hereby created a Park and Recreation Commission consisting of five members to be appointed by the Mayor with the consent of the City Council. Two members shall serve until January 15, 1979, two until January 15, 1980, and three until January 15, 1981. Thereafter each member shall serve for a term of three years from the date of his appointment, and until his successor is appointed and qualified. The Council shall appoint one of its members to serve as ex-officio member of the Commission.

EFFECTIVE DATE OF ORDINANCE. This ordinance becomes effective from and after its passage and publication.

Adopted and passed by the City Council of the City of Windom, Minnesota, this 5th day of May, 2009.

Kirby G. Kruse, Mayor

ATTEST:

Steve Nasby, City Administrator

1st Reading: April 21, 2009
2nd Reading: May 5, 2009
Adoption: May 5, 2009
Published: May 13, 2009

Windom Park, Recreation and Arena Commission BY-LAWS

ARTICLE I Name of Commission.

- Section 1. The name of this organization shall be the Park, Recreation and Arena Commission.

ARTICLE II Authorization.

- Section 1. The authorization for the establishment of this Park, Recreation and Arena Commission is set forth under the City of Windom Charter, Chapter 5, Section 5.02, and Windom City Code Chapter 2, Section 2.50.

- Section 2. The Commission is empowered to carry out all business and Acts incidental to the proper conduct and management affairs of the Commission.

- Section 3. The purpose of the Park, Recreation and Arena Commission shall be:

1. To provide broad directions to managers fitting into goals set By the Council.
2. To implement and enforce all goals, policies and regulations established by the City Council.
3. To establish goals and long range plans and recommends them to City Council for approval.
4. To promote communications and information gathering and dissemination for the benefit of the organization and the general public.
5. To evaluate services and overall operational efficiencies at the Park, Recreation and Arena facilities.
6. To evaluate the managers annually, based on preset expectations.
7. To monitor the budget, the condition of the facilities, the service to the customers and the morale of the staff.
8. To promote the social-recreational values of the community and to promote the Park, Recreation and Arena as an economical resource for business and industry in the region.
9. To promote customer focus and teamwork.
10. To recommend personnel actions:
 - a. Salary schedule/changes
 - b. Change in staffing patterns
11. The Park, Recreation and Arena Commission shall serve as an Advisory body to the City Council in matters of directing the future operation of the Park, Recreation and Arena facilities.

- The Park, Recreation and Arena Commission shall, upon request of the council to make studies, investigations and recommendations to the Council regarding matters affecting the Park, Recreation and Arena Commission.
12. To approve program changes, fee changes additions and additions and hours.

ARTICLE III Membership and Terms of Office

- Section 1. The Commission shall consist of **(5) five** members. The Park, Recreation and Arena Managers shall be an ex-officio, non-voting members on the Park, Recreation and Arena Commission.

- Section 2. The members of the Commission shall be appointed according to Chapter 2 Section 2.50, of the City of Windom Charter. (Sec. 2.50 Park, Recreation and Arena Commission Subd. 1. Establishment and Composition. A Park, Recreation And Arena Commission is hereby established consisting of seven Members to be appointed by the Mayor with the consent of the Council. **Two members shall serve until December 31, 2009, Two members until December 31, 2011 and one member until December 31, 2010. Thereafter, Council appointments will be for a three year term. The Mayor shall appoint annually, two Members of the City Council to serve as ex-officio members of the Commission.**)

- Section 3. Members of the Commission are appointed by the City Mayor with the consent of the City Council.

ARTICLE IV Election, Vacancy and Duties of Officers.

- Section 1. Following the Commission members appointment, the Commission shall elect officers at their annual organizational meeting in January of the new year. The newly elected officers will be president, vice-president and secretary, and shall serve for one year. Said Secretary shall record and transcribe the minutes of all Park, Recreation and Arena Commission meeting. Said minutes after approval by the Park, Recreation and Arena Commission, shall be signed by the President and Secretary.

- Section 2. In the event of death, retirement, resignation, removal or Disqualification of any officer during his/her term of office, the President shall appoint an interim officer who shall be a member in good standing. These appointees shall serve until the final regular meeting of the Commission during that year. The vice-president will automatically succeed the president in lieu of any of the circumstances creating a vacancy.

Section 3. The officer shall have the following privileges and duties:

- a. The president shall conduct the business of the commission and shall preside at all meetings of the commission. He/she shall act ex-officio on all committees. The president shall appoint a chair person for all standing committees as specifically set forth in these by-laws and may appoint any such temporary or special committee as deemed necessary; the duties and functions will not overlap the duties and functions of any standing committee. It will be the duty of the president to advise the Commission of any intentions regarding special projects and once discussed, shall be voted upon by the Commission for approval. The President shall vote only in the case of ties. The Park, Recreation and Arena annual budgets will be developed by the managers, and presented for review and recommendation for approval by the Commission, and will be submitted to the City Council for review and approval.
- b. The duties of the vice-president are to assist the president in the discharge of his/her duties, and to conduct him/herself to obtain the greatest possible acquaintance with the affairs and personnel of this commission; so as to enable him/her to preside all meetings in the president's absence.
- c. The secretary shall keep a correct and permanent record of all meetings and business transactions of the commission. He/she shall receive and distribute the necessary reports to all members and committee chairperson. He/she shall keep an accurate up-to-date roster of all members.
- d. The past-president is available for counsel for the president and the Commission

ARTICLE V

Meetings.

- Section 1. The regular business meetings of the Commission shall be Conducted once monthly at 7:00 p.m. the second Monday of month.
- Section 2. Special meetings may be called by the president or a majority of the Commission.
- Section 3. A simple majority of four will constitute a quorum at the Commission meeting.

ARTICLE VI Standing Committees.

Section 1. The standing committees of the commission shall be:

1. Finance & Promotion
 - a. Programming
 - b. by-laws
 - c. Budget (members of Commission)
 1. President
 2. Vice-President
2. Building & Ground Maintenance/Improvements
 - a. Special Projects (members of Commission (2) two
3. Parks/Pool/Arena Activities (Operational) (members of Commission as assigned by Chair)
 - a. Ice Hockey
 - b. Ice Skating
 - c. Racquetball
 - d. Wallyball
 - e. Archery
 - f. High School
 - g. Summer Recreation Programs
 - h. Fall Recreation Programs
 - i. Swim Lessons/Pool
 - j. Horse Show
4. Liaison committee
 - a. The purpose of the liaison committee will be to increase or broaden the promotional base by utilizing available resources such as individual expertise and volunteer efforts to optimize the on-going activities of the Park, Recreation and Arena programs.
 - b. Members of the Commission will serve as co-chairs for one liaison committee and will appoint members from the community-at-large to assist or serve on these respective committees.
5. The Arena Booster Club (ABC) is recognized by the Commission as a fund raising arm of the Arena. The ABC will help promote the arena.

Section 2. The president shall appoint the chairperson of each committee and shall be ex-officio of each committee.

ARTICLE VII Amendments.

- Section 1. These by-laws may be amended by an affirmative vote of the majority of the members at any regular meeting of the commission and ratified by the City Council.
- Section 2. By-laws should be distributed to all commission members amended promptly, when appropriate. The by-laws should be distributed to any new members during their attendance at the first commission meeting following their appointment to the commission.
- Section 3. To help define the responsibilities of new Commission members the by-laws should be reviewed each January.

ARTICLE VIII Parliamentary Authority.

- Section 1. All meetings of the commission shall be governed by the Parliamentary rules and procedures stipulated in the "Roberts Rules of Order".

ATTEST:

Park and Recreation Commission President _____

Park and Recreation Commission Secretary _____

City of Windom, Mayor

City Clerk

ADOPTED THIS DATE:
BY CITY COUNCIL

REVISED 4/2009

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
MAYOR & COUNCIL	CONVENT. & VISTOR BU	LODGING TAX	1,382.31
MAYOR & COUNCIL	LEAGUE OF MN CITIES	MOBILE PROPERTY INS UHF	17.00
MAYOR & COUNCIL	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	118.28
	Total for Department 101		1,517.59*
CITY OFFICE	LEAGUE OF MN. CITIES	REGISTRATION	80.00
CITY OFFICE	LEAGUE OF MN CITIES	LIABILITY INS	500.00
CITY OFFICE	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	72.00
CITY OFFICE	SELECTACCOUNT	ADM FEE	84.18
	Total for Department 103		736.18*
P & Z / BUILDING OFF	INTERNATIONAL CODE C	DUES	100.00
P & Z / BUILDING OFF	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	59.14
P & Z / BUILDING OFF	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	425.00
	Total for Department 106		584.14*
CITY HALL	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	714.00
CITY HALL	MN ENERGY RESOURCES	HEATING	1,043.98
	Total for Department 115		1,757.98*
POLICE	LEAGUE OF MN CITIES	ERRORS/OMM	785.00
POLICE	LEAGUE OF MN CITIES	LIABILITY INS	250.00
POLICE	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	48.00
POLICE	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	1,700.00
POLICE	KEVIN L. PATTERSON	EXPENSE	105.11
POLICE	FLEET SERVICES DIVIS	LEASE CAR	2,594.14
	Total for Department 120		5,482.25*
FIRE DEPARTMENT	LEAGUE OF MN CITIES	LIABILITY INS	18.00
FIRE DEPARTMENT	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	494.00
FIRE DEPARTMENT	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	4,414.00
	Total for Department 125		4,926.00*
ANIMALS	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	111.00
	Total for Department 135		111.00*
STREET	KOLANDER TREE SERVIC	STUMP REMOVAL	675.00
STREET	LEAGUE OF MN CITIES	ERRORS/OMM	785.00
STREET	LEAGUE OF MN CITIES	LIABILITY INS	500.00
STREET	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	3,976.50
STREET	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00
STREET	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	2,399.00
	Total for Department 140		8,533.50*
RECREATION	LEAGUE OF MN CITIES	LIABILITY INS	250.00
	Total for Department 150		250.00*
PARKS	MN DEPT OF EMPLOY & E	UNEMPLOYMENT	2,020.00
PARKS	LEAGUE OF MN CITIES	LIABILITY INS	250.00
PARKS	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	10,615.00
PARKS	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
PARKS	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	354.00
		Total for Department 165	13,437.00*
		Total for Fund 01	37,335.64*
LIBRARY	JOAN HUNTER	POSTAGE	43.05
LIBRARY	LEAGUE OF MN CITIES	LIABILITY INS	500.00
LIBRARY	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	1,939.00
		Total for Department 171	2,482.05*
		Total for Fund 03	2,482.05*
AIRPORT	LEAGUE OF MN CITIES	ERRORS/OMM	87.00
AIRPORT	LEAGUE OF MN CITIES	LIABILITY INS	1,378.00
AIRPORT	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	6,206.00
AIRPORT	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	425.00
AIRPORT	MN REVENUE	ANNUAL IND STORM WATER P	400.00
		Total for Department 174	8,496.00*
		Total for Fund 11	8,496.00*
POOL	LEAGUE OF MN CITIES	LIABILITY INS	1,192.00
POOL	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	813.00
		Total for Department 175	2,005.00*
		Total for Fund 12	2,005.00*
AMBULANCE	BOB AXFORD	EXPENSE	36.59
AMBULANCE	KATE AXFORD	EXPENSE	30.35
AMBULANCE	JORDAN BUSSA	EXPENSE	17.09
AMBULANCE	LEAGUE OF MN CITIES	LIABILITY INS	562.00
AMBULANCE	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	1,638.00
AMBULANCE	MN EMERGENCY MED SER	FORMS	78.92
AMBULANCE	ALLAN REMPEL	EXPENSE	13.27
		Total for Department 176	2,376.22*
		Total for Fund 13	2,376.22*
MULTI-PURPOSE BUILDI	LEAGUE OF MN CITIES	LIABILITY INS	3,669.00
MULTI-PURPOSE BUILDI	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	2,586.00
MULTI-PURPOSE BUILDI	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	160.00
MULTI-PURPOSE BUILDI	MN ENERGY RESOURCES	HEATING	1,456.17
		Total for Department 177	7,871.17*
		Total for Fund 14	7,871.17*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	5,046.55
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	7,900.10
LIQUOR	A H HERMEL CANDY & T	MERCHANDISE	798.67
LIQUOR	HOLINKA DISTR. CO.	MERCHANDISE	68.50

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
LIQUOR	LEAGUE OF MN CITIES	ERRORS/OMM	786.00
LIQUOR	LEAGUE OF MN CITIES	LIABILITY INS	7,072.00
LIQUOR	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	1,439.00
		Total for Department 180	23,110.82*
		Total for Fund 60	23,110.82*
WATER	H P SUDS	BILLING CONTRACT SERVICE	122.81
WATER	LEAGUE OF MN CITIES	ERRORS/OMM	786.00
WATER	LEAGUE OF MN CITIES	LIABILITY INS	6,222.00
WATER	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	3,649.00
WATER	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00
WATER	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	1,146.00
WATER	MN ENERGY RESOURCES	HEATING	620.67
		Total for Department 181	12,744.48*
		Total for Fund 61	12,744.48*
	ELEAZAR MAREZ JR	REFUND - UTILITY PREPAYM	125.00
		Total for Department	125.00*
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	122.81
ELECTRIC	LEAGUE OF MN CITIES	ERRORS/OMM	786.00
ELECTRIC	LEAGUE OF MN CITIES	LIABILITY INS	20,185.00
ELECTRIC	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	12,495.00
ELECTRIC	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	59.15
ELECTRIC	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	199.00
ELECTRIC	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	1,363.00
ELECTRIC	MIDWEST WIRELESS	TELEPHONE	89.27
ELECTRIC	MN REVENUE	AIR EMISSIONS FEE	175.50
ELECTRIC	MN ENERGY RESOURCES	HEATING	318.22
ELECTRIC	BANK MIDWEST	AUTO PAY-WRONG ACCT NUMB	338.62
ELECTRIC	BANK MIDWEST	NSF CHECK	287.73
		Total for Department 182	36,419.30*
		Total for Fund 62	36,544.30*
SEWER	H P SUDS	BILLING CONTRACT SERVICE	122.81
SEWER	LEAGUE OF MN CITIES	ERRORS/OMM	786.00
SEWER	LEAGUE OF MN CITIES	LIABILITY INS	5,800.00
SEWER	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	4,223.00
SEWER	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00
SEWER	LEAGUE OF MN CITIES	VEHCILE EQUIPMENT INS	760.00
SEWER	MN ENERGY RESOURCES	HEATING	132.01
		Total for Department 183	12,021.82*
		Total for Fund 63	12,021.82*
ARENA	LEAGUE OF MN CITIES	ERRORS/OMM	785.00
ARENA	LEAGUE OF MN CITIES	LIABILITY INS	2,702.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ARENA	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	3,266.50
ARENA	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	59.14
ARENA	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00
ARENA	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	111.00
ARENA	MN ENERGY RESOURCES	HEATING	1,216.20
	Total for Department 184		8,337.84*
	Total for Fund 64		8,337.84*
RIVERBLUFF TOWNHOMES	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	6,593.00
	Total for Department 186		6,593.00*
	Total for Fund 66		6,593.00*
ECONOMIC DEVELOPMENT	AARON BACKMAN	EXPENSE	67.67
ECONOMIC DEVELOPMENT	LEAGUE OF MN CITIES	LIABILITY INS	1,800.00
ECONOMIC DEVELOPMENT	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	2,183.00
ECONOMIC DEVELOPMENT	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	59.14
ECONOMIC DEVELOPMENT	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	72.00
ECONOMIC DEVELOPMENT	MN ENERGY RESOURCES	HEATING	62.03
	Total for Department 187		4,243.84*
	Total for Fund 67		4,243.84*
RIVERBLUFF ESTATES	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	990.00
	Total for Department 166		990.00*
	Total for Fund 68		990.00*
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	368.45
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	LIABILITY INS	3,005.00
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	MOBILE PROPERTY INS	5,080.00
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	OPEN MEETING LAW INS	59.15
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	UNINSURED LESS \$25000	198.00
TELECOMMUNICATIONS	LEAGUE OF MN CITIES	VEHICLE EQUIPMENT INS	792.00
TELECOMMUNICATIONS	MN ENERGY RESOURCES	HEATING	153.67
	Total for Department 199		9,656.27*
	Total for Fund 69		9,656.27*
	INTERNAL REVENUE SER TAXES- FORM 941 2009		27.66
	MN BENEFIT ASSOCIATI INSURANCE		114.18
	Total for Department		141.84*
	Total for Fund 70		141.84*
	Grand Total		174,950.29*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
CITY OFFICE	DAVIS TYPEWRITER	SUPPLIES	118.07
CITY OFFICE	STEVE NASBY	EXPESNE	31.18
CITY OFFICE	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 103		229.25*
P & Z / BUILDING OFF	DAVIS TYPEWRITER	MAINTENANCE CONTRACT	68.44
P & Z / BUILDING OFF	MN NCPERS LIFE INSUR	INSURANCE	24.00
	Total for Department 106		92.44*
CITY HALL	AMERIGAS - WORTHINGT	WATER TREATMENT	23.38
CITY HALL	COTTONWOOD CO TREASU	TAXES	24.00
	Total for Department 115		47.38*
POLICE	MN NCPERS LIFE INSUR	INSURANCE	144.00
	Total for Department 120		144.00*
FIRE DEPARTMENT	LUCAN COMMUNITY TV I	MAINTENANCE	199.70
FIRE DEPARTMENT	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	94.50
FIRE DEPARTMENT	MIDWEST WIRELESS	TELEPHONE	27.00
	Total for Department 125		321.20*
STREET	COTTONWOOD CO TREASU	TAXES	24.00
STREET	MN NCPERS LIFE INSUR	INSURANCE	80.00
	Total for Department 140		104.00*
PARKS	COTTONWOOD CO TREASU	TAXES	46.00
PARKS	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 165		78.00*
	Total for Fund 01		1,016.27*
LIBRARY	COTTONWOOD CO TREASU	TAXES	24.00
LIBRARY	THE NEW YORK TIMES	SUBSCRIPTION	397.80
	Total for Department 171		421.80*
	Total for Fund 03		421.80*
AIRPORT	COTTONWOOD CO TREASU	TAXES	24.00
AIRPORT	MN DEPT OF ADMINISTR	TELEPHONE	45.00
	Total for Department 174		69.00*
	Total for Fund 11		69.00*
AMBULANCE	EMERGENCY MEDICAL PR	SUPPLIES	79.01
AMBULANCE	MANKATO MOBIL RADIO	MAINTENANCE CONTRACT	94.50
	Total for Department 176		173.51*
	Total for Fund 13		173.51*
MULTI-PURPOSE BUILDI	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 177		32.00*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount

	Total for Fund 14		32.00*
LIQUOR	BEVERAGE WHOLESALERS	MERCHANDISE	4,337.87
LIQUOR	COUNTY WIDE DIRECTOR	ADVERTISING	173.00
LIQUOR	GRIGGS COOPER	MERCHANDISE	3,233.88
LIQUOR	HAGEN DISTRIBUTING	MERCHANDISE	4,095.00
LIQUOR	JOHNSON BROS.	MERCHANDISE	2,002.54
LIQUOR	MN MUNICIPAL BEVERAG	REGISTRATION	329.00
LIQUOR	MN NCPERS LIFE INSUR	INSURANCE	32.00
LIQUOR	MN ENERGY RESOURCES	HEATING	25.95
LIQUOR	PHILLIPS WINE & SPIR	MERCHANDISE	1,456.97
LIQUOR	QUALITY WINE SPIRITS	MERCHANDISE	188.00
	Total for Department 180		15,874.21*
	Total for Fund 60		15,874.21*
WATER	AMERICAN PAYMENT CEN	SERVICE	16.50
WATER	H P SUDS	BILLING CONTRACT SERVICE	150.00
WATER	MN DEPT OF HEALTH	REGISTRATION	60.00
WATER	MN NCPERS LIFE INSUR	INSURANCE	40.00
	Total for Department 181		266.50*
	Total for Fund 61		266.50*
	BOUASY SOUNTHALA	REFUND - UTILITY PREPAYM	125.00
	Total for Department		125.00*
ELECTRIC	AMERICAN PAYMENT CEN	SERVICE	16.50
ELECTRIC	COTTONWOOD CO TREASU	TAXES	24.00
ELECTRIC	H P SUDS	BILLING CONTRACT SERVICE	150.00
ELECTRIC	MN NCPERS LIFE INSUR	INSURANCE	96.00
ELECTRIC	HSBC BUSINESS SOLUTI	SUPPLIES	464.40
ELECTRIC	MN ENERGY RESOURCES	HEATING	812.09
ELECTRIC	DOUG ANDERSON	ENERGY REBATE	50.00
ELECTRIC	RICHARD BRINKMAN	ENERGY REBATE	100.00
ELECTRIC	VERLIN CHRISTIANS	ENERGY REBATE	100.00
ELECTRIC	TIMOTHY DUFFY	ENERGY REBATE	100.00
ELECTRIC	EDWIN EIGENBERG	ENERGY REBATE	200.00
ELECTRIC	MIKE HAUGEN	ENERGY REBATE	200.00
ELECTRIC	CHERYL NELSON	ENERGY REBATE	100.00
ELECTRIC	BRANT NERHUS	ENERGY REBATE	200.00
ELECTRIC	BEN PRESTHUS	ENERGY REBATE	100.00
ELECTRIC	BRENDA PULLAR	ENERGY REBATE	200.00
ELECTRIC	GEORGE OLTMANS JR	ENERGY REBATE	100.00
ELECTRIC	VIRGIL REHNELT	ENERGY REBATE	100.00
ELECTRIC	DAVID RODONI	ENERGY REBATE	200.00
ELECTRIC	SHARON SCHLEPP	ENERGY REBATE	100.00
ELECTRIC	NORMA SCHOENENBERGER	ENERGY REBATE	100.00
ELECTRIC	EVELYN SCHUMANN	ENERGY REBATE	100.00
ELECTRIC	JAMES SCHUUR	ENERGY REBATE	50.00

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount
ELECTRIC	ALEXIS SMITH	ENERGY REBATE	100.00
ELECTRIC	MELISSA VONGSEY	ENERGY REBATE	100.00
ELECTRIC	TERRY UTECH	ENERGY REBATE	100.00
ELECTRIC	DEVERA WARNER	ENERGY REBATE	100.00
	Total for Department 182		4,062.99*
	Total for Fund 62		4,187.99*
SEWER	AMERICAN PAYMENT CEN SERVICE		16.50
SEWER	H P SUDS	BILLING CONTRACT SERVICE	150.00
SEWER	KOLANDER TREE SERVIC	SERVICE-STUMP REMOVAL	350.00
SEWER	MN NCPERS LIFE INSUR	INSURANCE	72.00
	Total for Department 183		588.50*
	Total for Fund 63		588.50*
ARENA	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department 184		32.00*
	Total for Fund 64		32.00*
	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	644.99
	Total for Department		644.99*
ECONOMIC DEVELOPMENT	COTTONWOOD CO TREASU	TAXES	3,272.00
ECONOMIC DEVELOPMENT	DAVIS TYPEWRITER	MAINTENANCE CONTRACT	68.44
ECONOMIC DEVELOPMENT	ELECTRIC FUND	LOAN PAYMENT TO ELEC SPE	304.50
ECONOMIC DEVELOPMENT	MN NCPERS LIFE INSUR	INSURANCE	24.00
	Total for Department 187		3,668.94*
	Total for Fund 67		4,313.93*
	PERRY LIEN	REFUND - STATEMENT CREDI	.31
	Total for Department		.31*
TELECOMMUNICATIONS	AMERICAN PAYMENT CEN SERVICE		49.50
TELECOMMUNICATIONS	H P SUDS	BILLING CONTRACT SERVICE	450.00
TELECOMMUNICATIONS	MIDWEST WIRELESS	TELEPHONE	392.38
TELECOMMUNICATIONS	MN NCPERS LIFE INSUR	INSURANCE	64.00
TELECOMMUNICATIONS	QUEST	TELEPHONE	98.13
TELECOMMUNICATIONS	QWEST COMMUNICATIONS	LEXIS BILLING SERVICE	77.04
TELECOMMUNICATIONS	PERRY LIEN	REFUND - STATEMENT CREDI	4.81
	Total for Department 199		1,135.86*
	Total for Fund 69		1,136.17*
	AFLAC	INSURANCE	332.72
	JOHNSON COUNTY COURT	PAYROLL DEDUCTION CDDMO1	1,202.00
	MN NCPERS LIFE INSUR	INSURANCE	32.00
	Total for Department		1,566.72*

CITY OF WINDOM
FM Entry - Invoice Payment - Department Report

Department	Vendor Name	Description	Amount

		Total for Fund 70	1,566.72*
		Grand Total	29,678.60*



444 South 16th Street Mall
Omaha NE 68102-2247

Date: April 29, 2009

To: Central Minnesota Municipal Power Agency
Mr. Steve Thompson, Vice President of Utility Services
459 South Grove Street
Blue Earth, MN 56013

From: Ken A. Roth

Subject: Commercial Operation of Nebraska City Station Unit No. 2

Nebraska City Power Partners ("NCP") has advised Omaha Public Power District (OPPD) that they have completed the Work to the extent necessary to achieve Commercial Operation in accordance with the terms of the EPC Contract as of April 29, 2009. The District's concurs with and accepts this advisement.

OPPD agrees that NCP has demonstrated conformance with guarantees for the Emissions Guarantees, Net Power Output (682,215 kW which exceeds the 662,750 kW guarantee value) and Net Heat Rate (9077 BTU/kWh (HHV) which is better than the 9,188 BTU/kWh guarantee value).

The Facility, with Air Pollution Control equipment in service, is capable of stable operation between 300,000 kW minimum output and the maximum demonstrated net output of 682,215 kW.

OPPD is hereby advising the Participants that effective May 1, 2009 your share of the output is commercially available and the scheduling procedures as provided in the executed Participation Power Agreements are in effect.

Sincerely,

Kenneth A. Roth
Division Manager, Projects & Construction
Omaha Public Power District



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Your Local Partners
2009 Legislative Conference for Cities, Counties, Schools and Townships

AGENDA

WEDNESDAY, APRIL 29

- 7:30a.m. Registration and Breakfast – Great River Ballroom (Joint Session)**
- 8:30 a.m. Welcome**
Loren Ingebretsen, President – Minnesota Association of Townships
Mary Hamann-Roland, President – League of Minnesota Cities
- 8:45-9:45 a.m. Legislative Leadership Panel – Great River Ballroom (Joint Session)**
Hear from House and Senate leaders about the top issues facing cities, counties, schools and townships this legislative session.
Panelists: *Sen. Larry Pogemiller, Senate Majority Leader; Rep. Margaret Anderson Kelliher, Speaker of the House; Sen. David Senjem, Senate Minority Leader; Rep. Marty Seifert, House Minority Leader*
- 10:00-11:30 a.m. INDIVIDUAL ASSOCIATION BREAKOUT SESSIONS**
LMC break out session – Governors Room 2 & 3
- 11:45-12:15 p.m. Collaborative Efforts that Work! – Great River Ballroom (Joint Session)**
Jim McDonough, President, Association of Minnesota Counties
Learn from your local government colleagues about successful collaborative efforts that you can use in your own communities. The Scott County Association for Leadership and Efficiency (SCALE) was formed to encourage greater efficiencies and leadership in public service through enhanced communication, collaboration of services, and sharing of resources. Members include elected and appointed officials from the cities, schools, and townships within Scott County, the Shakopee Mdewakanton Sioux Community, and Scott County.
Panelists: *Jack Haugen, Mayor of Prior Lake; Lee Shimek, School Board Member ISD 719; Jerry Maas, Clerk of Credit River Township; and Jon Ulrich, County Commissioner for Scott County.*
- 12:15-1:15 p.m. Lunch with Secretary of State Mark Ritchie – Great River Ballroom (Joint Session)**
Jackie Magnuson, President, Minnesota School Boards Association
- 1:30-4:30 p.m. Delegates meet with Senators and Representatives at the Capitol**
Free shuttle buses will circulate between the Capitol and the Crowne Plaza
- 4:30-6:00 p.m. Social Hour at the Crowne Plaza Hotel – Garden Court East (optional)**

Briefing paper --- 2009 Legislative session

Minnesota cities and miscellaneous provisions of the tax bill

Background

While the omnibus tax bills are always the home for items like Local Government Aid, Market Value Homestead Credit, or levy limits—there are also smaller provisions included that affect the business of local governments. Over the past 10 days, the House and Senate have put together tax bills; HF 2323 and SF 2074. The next step is Conference Committee for these bills.

Lobbying your local legislators regarding items you want to see in the tax bill - even if those legislators are not serving on the Conference Committee - is a good idea. Legislators spend significant time on the floor and this provides ample opportunity to lobby for provisions benefitting individual districts.

League position

Both tax bills contain a number of provisions that affect local government—especially in the areas of public finance and economic development.

- Housing improvement areas general authorization extension (*Both House and Senate bills—League supports*)
- Special service districts general authorization extension (*Both House and Senate bills—League supports*)
- Street improvement district authorization (*House contains, Senate does not—League supports*)
- Historic preservation tax credits (*Senate contains, House does not—League supports*)
- Elimination of new JOBZ projects after April 30, 2009 (*Senate contains—League opposes*)
- Reduction of JOBZ some tax benefits for businesses (*House contains—League opposes*)
- TIF housing pooling flexibility to deal with foreclosures (*House contains—League supports*)
- TIF Transit Areas (*Senate bill contains, House does not—League supports*)
- Additional flexibility on some TIF districts by extending the 5-year rule to 8-years on districts certified between January 1, 2004 and July 1, 2010 (*House contains—League supports*)
- Additional flexibility on some TIF districts by extending the 4-year rule for districts certified between January 1, 2005 and July 1, 2010. (*House contains—League supports*)
- Emergency debt certificate authorization (*Both House and Senate bills—League supports*)
- Utility property classification changes (*Senate contains, House does not—League supports*)
- Surplus TIF increment for general fund purposes (*House contains—League supports*)

Key Messages

- All of the provisions represent tools that cities rely on to keep on delivering local services, to finance improvements, and to work with the local businesses and housing partners.
- The economy is affecting city budgets too, not just the state budget. Cities have a key interest in keeping neighborhoods vibrant and having the tools to respond to the foreclosure crisis.



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Briefing paper---2009 Legislative session

Minnesota cities and state restrictions on local budgets

Background

Based on the demands of the Governor, the 2008 omnibus tax bill reimposed levy limits for three years for cities with populations over 2,500, and for all counties. The League worked with legislators during the waning hours of the 2008 session to modify levy limits and increase flexibility for cities by including several "special levy" authorizations, including a special levy for unallotment of state aids.

Unfortunately, the final levy limit law did not anticipate the now-pending budget-balancing reductions in 2009 and 2010 local government aid (LGA) and market value homestead credit (MVHC) reimbursements. In addition, the 2008 law included a limit on the traditional inflation factor—the implicit price deflator (IPD)—that limits the levy adjustment to the lesser of 3.9 percent or the IPD. The actual 2008 IPD exceeded six percent due, in part, to last year's extreme inflation in energy and related prices.

The recent and severe economic decline has dramatically reduced inflationary pressures on government purchases and the IPD is now projected to decline to less than 1.5 percent for the 2010 levy limits, and possibly below 0.5 percent for the 2011 levy years. Although lower inflation on government consumption should reduce the pressure on local budgets and the property tax, the IPD adjustment for 2009 taxes was more than two percentage points below the actual inflation rate. In addition, the levy limit statute fails to fully account for losses of state aid, changes in demands for local government services or the cost of state and federal mandates.

During this year's session, the League has worked with legislators to introduce legislation to repeal levy limits and also separate legislation to remedy several of the shortcomings of the current levy limits. Although many legislators support the repeal, the governor has indicated that he opposes any changes to the current levy limit law.

Levy Limit Repeal—These bills would fully repeal levy limits.

- SF 1054/HF 1610 introduced by Senator Tom Bakk (DFL-Cook) and Representative Jim Davnie (DFL-Minneapolis).
- HF 1195 introduced by Representative Morrie Lanning (R-Moorhead) is a mandate relief bill.
- HF 2323/SF 2074 are the omnibus tax bills authored by Representative Ann Lenczewski (DFL-Bloomington) and Senator Tom Bakk (DFL-Cook).
- HF 1976 introduced by Lyle Koenen (DFL-Clara City)
- SF 1268 introduced by Senator Ann Rest (DFL-New Hope)

Levy limit modifications—These bills would add additional flexibility provisions to levy limits including the ability to levy for all losses of LGA and MVHC reimbursements.

HF 1389/SF 1047 authored by Representative Bev Scalze (DFL-Little Canada) and Senator Ann Rest (DFL-New Hope).

(OVER)

League position

City councils are elected to make decisions about local budgets and meeting community needs. The League's policies oppose levy limits on the basis that it is inappropriate for the Legislature to undermine local decision-making and accountability. The League supports the principle of representative democracy that allows city councils to formulate local budgets, and opposes state restrictions on local budgets. While many legislators do not support levy limits, the League encourages city officials to check-in with their legislators and remind them of the reasons why imposing state restrictions on local budgets is a bad idea.

Key messages

- Leave local fiscal control in the hands of local elected officials who have the best understanding of the balance of local public service needs and the burden of taxation.
- The existence of levy limits can distort and actually increase local tax decisions as city officials try to anticipate future actions by the governor and legislature in order to preserve all of their future budget options.
- A one-size-fits all prescription jeopardizes essential public services, including police and fire protection.
- State restrictions on local budgets can also have a negative impact on a city's bond rating due to the restriction on revenue flexibility.



Briefing paper---2009 Legislative session

Minnesota cities – property tax relief and the state deficit

Background

One of the most important functions of the state is to assure that adequate levels of important public services are provided to Minnesotans at a reasonable level of property taxation. The state currently administers several programs including Local Government Aid (LGA) and the Market Value Homestead Credit (MVHC) to help reduce the pressure on local property taxes by helping to fund essential city services like police, fire, safety of water supply, road maintenance and repair, and more. The state must continue to partner with Minnesota cities to provide greater funding equity, ensuring that every citizen has access to adequate police protection, safe streets, and clean drinking water, regardless of the property wealth of their community.

With the state budget deficit pegged at \$4.6 billion for the upcoming biennium, the appropriations for LGA and MVHC for 2009 and 2010 have been targeted by the Governor, House and the Senate for reductions. However, just last December, the LGA and MVHC distributions to cities were reduced by \$66 million. These unallotment cuts reduced the needed cash flow reserves of cities as they entered the 2009 budget year. Now, cities are facing additional, mid-year cuts in 2009 under both the Governor's proposal and the House proposal.

Proposed LGA and MVHC Cuts Governor, House and Senate

	Pay 2009	Pay 2010
Governor	\$100 million	\$184 million
House	\$50 million	\$79 million
Senate	No additional cut	\$16 million

League Position

The League acknowledges the extraordinary budget crisis faced by the state. However, municipal services, which are funded through a combination of property taxes, state aids and credit reimbursements, are essential to the health, safety and welfare of citizens throughout the state. Municipal aid distributions and credit reimbursements must not bear an excessive share of the final budget balancing solution for the state.

Key messages

- Similar to the state, cities are facing immense fiscal challenges due to the national economic crisis. Property foreclosures and property tax delinquencies have increased while property values and new residential and business construction have ground to a halt.
- LGA and MVHC payments to cities in December 2008 were reduced by \$66 million in order to balance the immediate state budget deficit.

(OVER)

- Cities are four months into the current fiscal year and unlike the state sales and income tax, revenues from the property tax cannot be readjusted until next year.
- LGA is an important revenue source for more than 700 Minnesota Cities, and is used to fund vital public services like police, fire protection, park and recreation services, and public works.
- MVHC reimbursement is distributed to all cities and the distribution represents a portion of each city's certified property tax levy. Reductions in the MVHC reimbursement that is scheduled to be paid by the state has the same effect on the city's budget as property tax delinquencies.
- The LGA program was initiated in the 1970s to ensure a consistency in basic city service provision from city-to-city, and to prevent those services from being funded solely on the backs of Minnesota property tax payers.
- Even though the state faces tough budgetary challenges ahead, the burden of balancing that budget should not fall disproportionately to payers of local property taxes.

Briefing paper --- 2009 Legislative Session

Minnesota cities and mandate relief legislation

Background

Mandate relief and streamlining for local governments was an early focus for legislators and the Governor's office this session given the December 2008 aids unallotment, the current state budget deficit and the likely budget cuts for this session. The House formed a working group under the direction of Representative Morrie Lanning (R-Moorhead), and contained many of their local government mandate related pieces in the House Tax bill. The Senate worked its version through the State and Local Government committee chaired by Senator Ann Rest (DFL-New Hope), and ultimately wrapped most of them into a more general mandate relief package - SF 3. The Senate passed SF 3 in early April. Another local government House mini-omnibus bill is alive in the form of HF 1849 and is scheduled for a hearing April 29th in the Ways and Means Committees. Additionally, the Senate's omnibus tax bill (SF 2074) contains some mandate relief as well.

Key mandate and flexibility components include:

- Removal of levy limits (HF 2323, SF 2074)
- Relief from Truth in Taxation meetings (HF 2323, SF 2074)
- Relief from publication of TNT hearings for 2 years (SF 3)
- Establishing the Legislative Commission on Mandate Reform (HF 2323)
- Expansion of the Best Value contracting (HF 2323, SF 3)
- Flexibility on Maintenance of Effort for library funding (HF 2, SF 1328)

There are several items that were discussed, but ultimately not included in any of the current bills. Among those items were: pay equity compliance or any temporary relief from the pay equity reporting, or additional relief on publication requirements. The various local government associations plan to use the Legislative Commission on Mandate Reform, should it become law, to generate more discussion during the next interim about some of the more difficult mandates.

League position

The League has been appreciative of the legislative attention to mandates and streamlining efforts during these budget times, and supportive of most of the efforts. Mandates force cities to reduce funding for other basic services or to increase taxes and service charges.

Key messages

- The Legislative Commission on Mandate Reform, contained in the House bill, could be a good vehicle for reviewing the more complicated mandates outside the committee process.
- No additional statewide mandates should be enacted unless full finding for the mandate is provided by the level of government imposing, or a permanent stable revenue source is established.
- Cities should be given the greatest flexibility possible in implementing mandates to ensure their cost is minimized. Mandates passed this year, though, will not necessarily result in significant cost savings for cities.



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Briefing paper---2009 Legislative session

Minnesota cities and administrative fines for traffic enforcement

Background

An administrative fines bill representing an agreement between city, county and law enforcement organizations was moving through the legislative process until very recently. HF 1517/SF 1894 would allow local units of government and the State Patrol to issue administrative citations for a limited list of traffic offenses. Key components of the compromise include the following:

- A local unit of government may, by ordinance, authorize its police officers to issue administrative citations.
- The ordinance must contain a process for a violator to appeal the citation, and the process must involve a neutral third party such as an administrative hearing officer.
- The violations eligible for an administrative citation are 1) speeding less than 10 miles per hour above the posted limit; 2) stop line violations; and 3) equipment violations such as a cracked windshield.
- The amount of the administrative fine is \$60.
- When a local unit of government issues the citation, two-thirds of the fine is retained by the issuing authority and one-third must be given to the state.
- When the State Patrol issues the citation, two-thirds of the fine is retained by the state, and one-third is turned over to the local jurisdiction where the citation was issued.

League position

The League supports legislation that would allow cities to use administrative citations for low level traffic violations.

Key messages

- This is enabling legislation. No city would be required to implement an administrative fine system.
- Administrative fines provide an alternative to warnings, which have no consequences, and costly state tickets, which some believe carry a disproportionate penalty for low-level offenses such as speeding less than 10 miles per hour above the posted limit.
- The use of administrative citations for low-level traffic offenses has been an effective public safety tool. Local law enforcement officers have used administrative citations for minor violations that might otherwise be warnings. Administrative citations have been shown to positively change driving behavior.
- Representatives of the courts have repeatedly stated that district courts are overburdened, and that they are facing unprecedented funding challenges. Given these conditions, it makes sense to keep low-level violations out of the district court system.



Briefing paper---2009 Legislative session

Minnesota cities and fund balances

Background

As the Governor and the Legislature struggle to balance the state's budget and restore a budget reserve, city fund balances are once again being targeted as a justification for deep cuts in local government aid (LGA) and market value homestead credit (MVHC).

City reserves are essential for sound financial management and, as such, are perhaps more similar to the state's *cash flow account* than to the state's *rainy day fund*. Although the state depleted its rainy day fund in December to address the state deficit, the cash flow account has not been purposefully depleted due to the fact that the state would have to borrow to meet its cash flow needs.

A cash flow account is necessary to bridge the peaks and valleys between revenue receipts and scheduled expenditures. Cities receive the vast majority of their tax and state aid revenues twice each year. As a result, the fund balances measured on December 31 reflect the large receipts of property taxes and state aids that must carry the city's budget through until the following June—roughly six months or one-half of the city's fiscal year. Without an adequate reserve, a city would be forced to borrow funds—that would have to be repaid with interest—to meet weekly and monthly expenditure commitments.

League Position

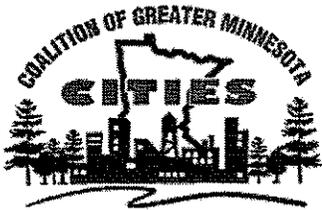
As a component of a prudent financial management plan, cities maintain a fund balance composed of cash flow funds, savings for projects, and rainy day reserves to maintain high level bond ratings and to minimize borrowing costs. The size of a city's fund balance should be determined through local financial needs and local preferences. The state should respect local decisions on adequacy of local fund balances.

Key messages

- The unique circumstances of each local government will determine the size of a fund balance that must be maintained to avoid the need for short-term borrowing and to operate effectively.
- Unique fiscal characteristics of individual cities make it virtually impossible to apply a single standard for fund balances to all cities.
- A fund balance is essential in meeting financial obligations and dealing with cash flow concerns. While a city pays bills year-round, city revenue comes in primarily twice a year (property tax payments due in May and December). This is in stark contrast to the state, which takes in taxes regularly throughout the year.
- Fund balances are, on one hand, a sign of sound fiscal management and at the same time regularly misconstrued as an unnecessary government saving accounts.

(OVER)

- The state auditor recommends that a city maintain a fund balance of 35 percent to 50 percent of operating revenues, due in part to the semi-annual distributions of the property tax and state aid payments.
- A solid rainy day fund is critical to maintaining strong credit and bond ratings.
- The December unallotment of \$66 million in city LGA and MVHC reimbursements has already depleted local reserves.



Coalition of Greater Minnesota Cities

CGMC in Brief

April 30, 2009

Contact: Tim Flaherty
651-225-8840

CGMC Board of Directors approves revised policy position

This week, the CGMC Board of Directors convened via conference call to discuss revisions to the LGA, Property Tax, and State Budget Policy Position. In general, changes were approved to address the various tax plans, LGA proposals, strategies for solving the budget deficit, and the removal of levy limits. The original policy position with proposed changes and the final approved policy position are both attached.

In preparation for discussing CGMC's LGA, Property Tax, and State Budget Policy Position, board members were provided with an overview of the House, Senate, and governor's budget proposals. Additionally, board members also received an overview of how each budget proposal affects LGA. Both of these documents are also attached.

Tax conference committee members announced

The tax conference committee will have its first meeting tonight to resolve differences in the House and Senate omnibus tax bills (H.F. 2323/S.F. 2074). Because there are significant differences in the House, Senate, and governor's plans, it is anticipated that the committee will not meet its May 7th deadline for agreement. Conference committee members include:

House

Rep. Ann Lenczewski (DFL-Bloomington)
Rep. Paul Marquart (DFL-Dilworth)
Rep. Lyle Koenen (DFL-Clara City)
Rep. Diane Loeffler (DFL-Minneapolis)
Rep. Marty Seifert (R-Marshall)

Senate

Sen. Tom Bakk (DFL-Cook)
Sen. Rod Skoe (DFL-Clearbrook)
Sen. Scott Dibble (DFL-Minneapolis)
Sen. Mee Moua (DFL-St. Paul)
Sen. Debbie Johnson (R-Ham Lake)

Committee passes clean water spending recommendations

This week, the Senate Environment, Energy and Natural Resources Budget Division Subcommittee on Clean Water Legacy unveiled and passed its recommendations for spending clean water money derived from the new sales tax. The recommendations align more closely with CGMC's environmental positions than the bill traveling through the House. 33.8% of the funds would be dedicated to Nonpoint Source Protection and Preservation, 29.2% would be for Point Source Protection and 25.1% would be for assessment, monitoring, and TMDL development. The remainder would go to research, ground and drinking water protection, and public engagement.

The bill will still need to pass through the Senate Finance Committee this Friday before moving to the floor for final passage. Given the differences between the House and Senate recommendations, the final decisions will be made at the conference committee level.



Conference committee set to decide permit fee issue

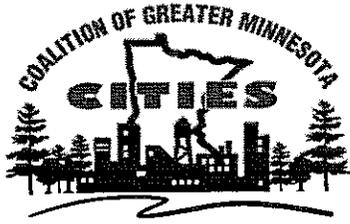
The House and Senate have named the conference committee members for the omnibus environment bills. The committee will decide how much permit and training fees will increase for Wastewater Treatment Facilities and facility operators. On the House side, the committee includes Rep. Jean Wagenius (DFL-Minneapolis), Rep. Bill Hilty (DFL-Finlayson), Rep. Kate Knuth (DFL-New Brighton), Rep. Rick Hansen (DFL-South St. Paul), and Rep. Jenifer Loon (R-Eden Prairie). On the Senate side, the committee includes Sen. Ellen Anderson (DFL-St. Paul), Sen. Tom Saxhaug (DFL-Grand Rapids), Sen. Satveer Chaudhary (DFL-Fridley), Sen. Dennis Frederickson (R-New Ulm), and Sen. Patricia Torres Ray (R-Minneapolis). Greater Minnesota is significantly underrepresented, with only one member from the House and two members from the Senate. The Senate bill contains no increases, whereas the House bill would increase fees by approximately 138%, adding \$13.5 million in fees. We will continue to monitor this committee and express our concerns to the rural members regarding the increases.

CGMC Summer Conference: Vendors wanted

Reminder: CGMC Summer Conference dates are July 29 - 31

Do you know a vendor who would like to participate in the CGMC summer conference? At this week's Board of Director's meeting, vendor displays were again approved for inclusion at the summer conference. Vendor exhibits are scheduled for Thursday, July 30. The CGMC summer conference offers an excellent opportunity for vendors to promote their services to greater Minnesota cities (and as an added bonus, vendor participation helps offset registration costs to members). If you know of any interested vendors, please forward their contact information to Lauren Anderson (llanderson@flaherty-hood.com).





CGMC 2009 Policy Positions: LGA, Property Tax, and State Budget

1. Local Government Aid Funding

~~The governor and the state Legislature should increase the level of Local Government Aid (LGA) funding to the level of the 2003 appropriation plus inflation in order to provide adequate property tax relief and create stability and fairness within the LGA program. At a bare minimum, the state should maintain the current law, which increases LGA 2% in 2010 and 4% in 2011.~~

The state should not cut LGA in 2009, because the December 2008 unallotment is for all practical purposes a cut in 2009. LGA funding for 2010 should be the highest priority for state property tax relief funding, so LGA should not be reduced below its certified 2009 funding amount.

2. Local Government Aid Formula

The legislative study group should determine if improvements can be made that are consistent with the LGA program's purpose. Any changes in the formula should be agreed upon by all city organizations at the conclusion of the study group, and to the greatest extent possible:

- Be based on a city's tax base and need;
- Include no separate pots based on geographic location or population;
- Reduce disparities among Minnesota cities greater than the current formula;
- Reduce yearly fluctuations in aid; and
- Be intuitive and rational.

3. State Revenue

~~The state of the State's fiscal condition should have no bearing on LGA funding. The governor and Legislature should increase LGA whether the state budget forecast shows a deficit or a surplus. If the State is in deficit, the governor and Legislature should prioritize spending and increase general fund taxes if necessary.~~

State Budget Deficit

With the state facing a \$6.4 billion deficit, CGMC supports a balanced budget solution that incorporates revenue increases, spending reductions, limited reliance on one-time money, and limited payment shifts. In particular, CGMC supports proposals that raise general fund revenues in order to help the state manage its long-term structural deficit. CGMC opposes proposals that rely too greatly on borrowing and payment shifts and are not sustainable for the long-term.

Additional positions for 2009 session only (as of April 28, 2009):

- CGMC recognizes that all programs will have to play a part in the budget solution, including LGA. The Legislature has proposed reasonable LGA reductions that will avoid the public safety cuts and property tax increases that would result from the governor's proposed cuts. CGMC prefers the House's method for reducing LGA, but favors the Senate's reduction amounts.
- CGMC strongly opposes the governor's cuts to LGA, which are 15% in 2009 and 31% in 2010. These cuts will increase service and property tax disparities across the state.

4. School Funding

The governor and the state Legislature should fully equalize all local property taxes used for education funding. The governor and the state Legislature should not cut K – 12 education funding. If the governor and state Legislature need revenue to maintain or increase funding for K – 12 education, it should increase general fund taxes or re-impose the state general education levy. The state should not reduce or eliminate LGA to fund education.

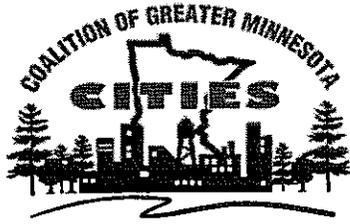
5. Inflation

To accurately reflect the cost of government, the governor and state Legislature should include inflation in the spending forecast beginning in November 2008.

6. Levy Limits

~~The governor and the state Legislature should allow levy limits to expire as provided by current state law and should not be extended or made stricter. Levy limits should be based on the most accurate and current value of new construction and household growth.~~

Levy limits are not an effective way to control property taxes, and place an arbitrary limitation on a city's ability to respond to local conditions. Levy limits should be repealed.



CGMC 2009 Policy Positions: LGA, Property Tax, and State Budget

1. Local Government Aid Funding

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Overview of Budget Proposals

State Deficit (after included federal funds)	2010-2011
Forecast Revenue + Carry Over	31,286,000,000
Forecast Spending + Cash Flow	35,856,000,000
Official Deficit	-4,570,000,000

Budget Summaries (In billions)	2010-2011		
	House	Senate*	Gov**
K-12 Shift (one-time money)	1.8	0	1.3
Bonding/Borrowing (one-time money)	0	0	1.0
Net New General Fund Revenue	1.5	2.2	1.1
Net Revenue Total	3.3	2.2	3.4
<i>Net Health Care Access Funds Spending Cuts</i>	0	0	0.8
<i>Net General Fund Spending Cuts No Federal Funds</i>	1.6	2.4	1.5
<i>Net General Fund Spending Cuts w/ Federal Funds</i>	0.8	1.6	0.7
Increase Budget Reserves	0.3	0	0.3
Balance	0	0	0

* Assumes full utilization of Federal Dollars

** New General Fund revenue from Health Care Access Fund

Source: Minnesota Office of Budget and Management

MN DFL Senate

MN DFL House

LGA Proposals Comparison

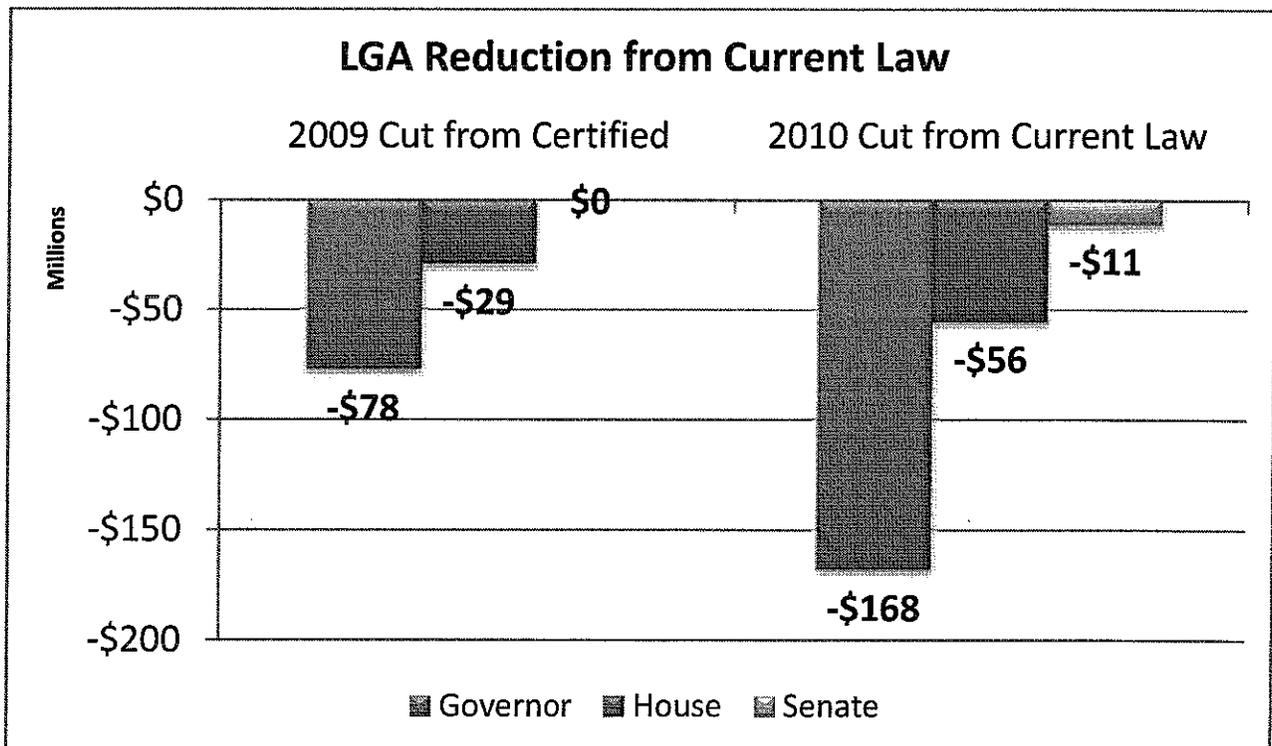
Current law increases LGA by \$10 million for 2010 LGA.

Governor – Cuts \$78 million in 2009 and \$168 million in 2010 from current law. The governor reduces 2009 and 2010 LGA by a percentage of a city’s levy plus aid, 5% in 2009 and 10.5% in 2010. The reductions are made from a city’s 2009 certified LGA in both 2009 and 2010. In other words, a city’s certified 2009 LGA is reduced by 5% of its levy plus aid for its final 2009 LGA. In 2010, a city’s LGA is equal to its certified 2009 LGA minus 10.5% of its levy plus aid.

Senate – Has no cuts in 2009 and an \$11 million cut from current law in 2010. The Senate reduces LGA by 0.7% of a city’s 2009 levy plus aid in 2010 from a city’s proposed 2010 LGA under the current LGA formula. In other words, 2010 LGA is calculated under the formula with the \$10 million increase and then a city’s aid is reduced by 0.7% of its 2009 levy plus aid.

House – A \$29 million cut in 2009 and a \$56 million cut in 2010. The House reduces LGA based on a city’s adjusted net tax capacity (property tax base). The larger the tax base, the larger the reduction in aid a city will receive. In 2009, the certified 2009 LGA is reduced by 1.211% of a city’s tax base. In 2010, a city’s LGA is equal to its 2009 certified LGA minus 1.889% of its tax base. This approach does not increase disparity among city tax rates because the cuts are based on a city’s ability to levy back the revenue.

All three proposals reduce the Market Value Credit if a city does not receive LGA or enough LGA to cover their aid reductions. Visit the CGMC web site and look under the news section to see the city by city impacts of the three proposals.





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Tax bills on the floor

Today on the floor, the Senate will consider the Senate version of the omnibus tax bill. The House will likely consider its version of the bill during the Saturday floor session. At this point, we expect a tax conference committee to convene sometime next week to begin the process of reaching a compromise between the House, Senate, and possibly the Governor's positions.

For cities, the Senate bill will preserve the 2009 distribution of local government aid (LGA) and market value homestead credit (MVHC) at the originally certified levels—in other words, there would be no cut in 2009 beyond the unallotment reductions to the December 2008 LGA and MVHC reimbursement distributions that occurred last December. The Senate bill will reduce LGA and MVHC in 2010 by approximately \$16 million compared to the current law appropriation level. Under current law, the LGA appropriation is scheduled to increase by 2 percent or approximately \$10.5 million for the 2010 distribution.

The Senate proposal contains by far the smallest cuts of the three major budget balancing proposals. The cuts would be distributed to each city as 0.7 percent of the sum of each city's certified levy, LGA, and taconite aid. This basis is similar to the method proposed by the governor for his proposed aid and credit reductions. The Senate cut would be first taken from the city's LGA and then to the extent necessary, from the city's distribution of MVHC reimbursement.

The House proposal would reduce city aid and credit reimbursements in 2009 by \$50 million and in 2010 by \$78 million. In contrast to the

Senate proposal, the House cuts would be computed for each city as a percentage of adjusted net tax capacity (ANTC), which is essentially the city's tax base adjusted to account for differences in the accuracy of local assessment practices. The 2009 cuts would be 1.2111 percent of each city's ANTC while the 2010 cuts would be equal to 1.8889 percent of ANTC. The House cut would also be first taken from the city's LGA and then to the extent necessary, from the city's distribution of MVHC reimbursement.

Both bills currently contain a repeal of levy limits for cities, the elimination of the truth-in-taxation hearing requirement, and a host of local economic development, property tax and sales tax provisions. A complete summary of the provisions currently in the House and Senate tax bills was included in the April 22 edition of the *Cities Bulletin*. Additionally, a printout has been posted on the League's web site that compares the impact of the three proposals for the 2009 and 2010 distributions. League staff will cover and summarize the outcome of the Senate and House floor debates in next week's *Cities Bulletin*.

Questions? Contact Jennifer O'Rourke at 651.281.1261, jorourke@lmc.org or Gary Carlson at 651.281.1255, gcarlson@lmc.org.

League helps block prohibition on administrative fines for traffic offenses

The Minnesota Senate on Tuesday rejected language contained in the omnibus Judiciary bill, [SF 1627 \(Foley, DFL-Coon Rapids\)](#), that would have explicitly prohibited local units of government from using administrative fines for traffic offenses. An amendment offered by [Sen. Yvonne Prettner Solon \(DFL-Duluth\)](#) to



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remove the provision passed by a bipartisan vote of 47 to 18. Many senators were contacted by city officials after the League issued an action alert on the amendment.

The move preserves the status quo on the issue of whether or not cities and counties have authority to issue their own traffic tickets. The overwhelming support for the amendment may have jump-started progress on a League-supported bill that would provide explicit authority for local units of government to issue administrative citations for traffic offenses. The bill, HF 1517 (Hosch, DFL-St. Joseph)/SF 1894 (Clark, DFL-St. Cloud), represents an agreement between city, county and law enforcement organizations. It had successful hearings in both the House and Senate but failed to meet key deadlines after the State Court Administrator's Office released a preliminary fiscal note estimating a negative fiscal impact on the state if the bill becomes law. The perception that the bill would have a negative fiscal impact is particularly problematic in light of the state's budget deficit. The League and other proponents have challenged the fiscal note, which may be revised in the coming days.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Legislature passes omnibus finance and tax bills

The House and Senate committees on Finance and Taxes and the House committee on Ways and Means completed their work in time to meet the fourth committee deadline of April 22. The fourth committee deadline was for those committees to act favorably on omnibus appropriation and tax bills. Due to the lack of

fiscal notes, the House and Senate Health and Human Services committees received extensions and are scheduled to complete their work by this weekend.

The House and Senate have held floor sessions every day this week to process the omnibus bills and plan to meet on Saturday to complete their work. After the bills have been passed, the House and Senate will then appoint conference committee members who will be charged with working out the differences between the bills from each body.

Conference committees have until May 7, the fifth committee deadline, to complete their work. This will give the House and Senate 11 days before the constitutionally-mandated adjournment date of May 18 to pass the bills off the floor and present the bills to the governor.

The omnibus finance and tax bills are as follows:

HF 1122 – Agriculture and Veterans Affairs budget (Sen. Vickerman/Rep. Juhnke)

HF 855 –Capital Investments (Rep. Hausman/Sen. Langseth)

SF 2081 – Economic Development and Housing budget (Sen. Tomassoni/Rep. Rukavina)

HF 2 – Education budget (Rep. Greiling/Sen. Stumpf)

HF 2123 – Environment, Energy and Natural Resources budget (Rep. Wagenius/Sen. Anderson)



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SF 2083 – Higher Education budget (Sen. Pappas/Rep. Rukavina)

SF 802 – Public Safety budget (Sen. Higgins/Rep. Paymar)

SF 2082-State Government Finance budget (Sen. Betzold/Rep. Kahn)

HF 2323 – Taxes (Rep. Lenczewski/Sen. Bakk)

HF 1309 – Transportation (Rep. Lieder/Sen. Murphy)

Questions? Contact Hue Nguyen at hnguyen@lmc.org or 651.281.1260.

Property Tax Debate

This week, Governor Pawlenty's spokesperson Brian McClung and Senate Tax Committee Chair Tom Bakk (DFL-Cook) exchanged barbs about the property tax impact of their respective budget proposals. This exchange and other recent exchanges between legislators suggest that the remaining weeks of the session will be very contentious and that reaching a final budget and tax agreement by the May 18 session deadline might be elusive.

In a memo sent to the capitol press corps, McClung indicated that Bakk's Senate Tax bill would increase property taxes by \$886.4 million. Nearly half of that increase, or \$415 million, will apparently be due to the Senate elimination of levy limits on cities and counties. Roughly \$334 million is due to the proposed Senate increase in the state-imposed property tax levy while the balance, or roughly \$138 million would be due to a proposed reduction in the homeowner circuit breaker,

also known as the homeowner property tax refund program.

Bakk has stressed that the governor's budget is not free of tax increases and that the governor's plan would increase property taxes by approximately \$624 million, largely due to cuts in state aid and credit reimbursements to cities and counties. Bakk also believes the estimate of a \$415 million property tax increase due to the elimination of levy limits greatly exaggerates the likely pressure on the property tax for counties and cities.

Is Senator Bakk right? All of the property tax numbers being bandied about are estimates and originate from a non-partisan working group of House, Senate and Revenue Department analysts. This group annually considers the factors that will likely impact the budgets and property tax levies of local units of government in order to project overall levy increases. The estimation methodology considers recent trends in city and county levies, recent trends in the measure of inflation for local governments, state aid cuts, pent-up pressure due to the fact that levy limits were in place for 2009, and some rough survey information from the largest cities and counties.

Truth be told, no one knows precisely how city councils and county boards will react to the challenges of state aid and credit cuts, a weak economy, a shrinking tax base, and demands by residents for local services. The circumstances faced by city councils are unlike anything that has been experienced in local government since the early 1980s or perhaps since the Great Depression. All of this means that assumptions historically used to project future property tax levies may not be accurate right now. Unfortunately, policy decisions, including



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decisions on state aid cuts and levy limits, will be based on assumptions.

Questions? Contact Gary Carlson at 651.281.1255 or gcarlson@lmc.org.

Still time to influence outcome on street improvement district authority

A provision included in HF 2323 (Lenczewski, DFL-Bloomington), the House omnibus tax bill scheduled for floor debate on Saturday, provides authority for cities to implement street improvement districts. Given opposition to the street improvement district provision by the business community, there will likely be an amendment offered to strip the provision. The League encourages city officials to contact their legislators to request a vote against removing the street improvement district provision out of HF 2323.

The measure would authorize cities to collect fees from property owners within a district to fund municipal street maintenance, construction, reconstruction and facility upgrades. Under the proposal, the municipality would be required to adopt a street improvement plan that identifies and estimates the costs of proposed construction, reconstruction, facility upgrades and maintenance for the following five years. Fees would then be apportioned to all parcels located in the street improvement district on a uniform basis within each classification of real estate. The city could collect municipal street improvement fees in a district for up to 10 years.

The street improvement district authority bill is enabling legislation. No city would be required to create a municipal street improvement

district. It is modeled after Minn. Stat. 435.44, which allows cities to establish sidewalk improvement districts.

The League believes this authority would provide an additional funding mechanism that is fair to property owners. It requires a relationship between who pays fees and where projects occur, but stops short of the benefit test that sometimes makes special assessments vulnerable to legal challenges. It also does not prohibit cities from collecting fees from tax exempt properties within a district.

This tool would also allow cities to perform maintenance and reconstruction on schedule. Timely maintenance is essential to preserving streets and thereby protecting taxpayer investments. Finally, street improvement fees would allow property owners to fund expensive projects by paying relatively small fees over time. The tool could be used to mitigate or eliminate the need for special assessments.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Housing improvement areas amendment on tax bill

A surprise amendment to the Housing Improvement Area (HIAs) authorization came forward during the Senate tax bill mark-up on Wednesday, and was adopted into the omnibus bill, SF 2074. The amendment came from Sen. John Marty (DFL-Roseville), who shared it with League of Minnesota Cities staff after the meeting began. His amendment was adopted as placeholder language and he committed to working with city interests on the amendment. He was amending the part of the bill that would extend the HIAs through June 30, 2013.



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Essentially, his amendment would lend the inclusion of more private data on behalf of the homeowners and the condo or townhome association and add ways for a homeowner to appeal the fees or charges, similar to those in the special assessment process in Chapter 429. During the initial conversation, Sen. Marty took into account many of the League's concerns about the workability of the language—but kept in the reference to the special assessment law which the League later testified against. Sen. Marty has acknowledged problems with referencing the Chapter 429 special assessment appeal process; it is expected that this language will not survive in the end. League staff will continue to work closely with Sen. Marty to iron out the procedural details as this legislation goes to conference committee next week. The House bill has a similar extension and nothing in the way of process change at this point.

Questions? Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Buy American mandate included in House Omnibus Economic Development, Housing and Minnesota Heritage Finance bill

The House included a provision prohibiting public employers from purchasing apparel and public safety equipment not manufactured in the United States in HF 1169, the House Omnibus Economic Development, Housing and Minnesota Heritage Finance bill. In addition to the Buy American requirement, cities must give preference to manufacturers who pay an average annual income, including wages and benefits, of at least 150 percent of poverty adjusted for a family of four.

When the provision was added to the omnibus bill on Wednesday, many members of the House Ways and Means committee raised the same concerns the League has raised. Members of the committee and the League pointed out that there has been a lot of emphasis on mandate relief, that this would create another mandate for cities, and that complying with the provisions of the bill could cause considerable overhead for cities. The language in the bill also does not address what happens if items that cities may need are not manufactured in the United States or how cities are supposed to identify such manufacturers.

Rep. Tom Rukavina (DFL-Virginia) the author of the omnibus bill and the Buy American provision indicated that he would try to address the concerns members of the committee and the League raised, but was clear that he wanted to keep the provision in the bill.

Questions? Contact Hue Nguyen at 651.281.1250 or hnguyen@lmc.org.

Joke amendment targets mayors

Rep. Tom Emmer (R-Delano) successfully added an amendment to HF 1122 on the floor of the House on Wednesday that took aim at weed inspectors, requiring that they wear only state-approved uniforms and that those uniforms include a 'highly visible' patch on the front and back of any the shirt or jacket with the acronym for the weed inspection mitigation program (W.I.M.P.). The League notified the bill author Rep. Al Juhnke (DFL-Willmar) that within city limits, mayors are the default weed inspector and that cities do not typically equip mayors with a uniform. It is expected that the amendment will be removed by the conference



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committee working out differences between the House and Senate budget bills.

Questions? Contact Craig Johnson at 651.281.1259 and cjohnson@lmc.org.

City funding impacts in final environmental budgets

The House and Senate have each completed their budget bills for environmental agencies. The House bill (HF 2123/Wagenius, DFL-Minneapolis) continues to include the collection of \$1.7 million of environmental review costs on water-related projects and \$2.2 million of water and wastewater training and certification costs collected by the Minnesota Pollution Control Agency for the upcoming biennium. The bill requires that the rest of the agency's water permitting program, excluding compliance and enforcement activities, be funded through fee increases enacted in January 2011, which will amount to an additional \$3.6 million per biennium. The bill also includes early adoption of a \$6 million per year water permit fee increase the early adoption of current draft permit fee increases so that those fees will go into effect as of July 1 instead of later this year.

The Senate budget bill (SF 2099/Anderson, DFL-St. Paul) does not include any of the fee increases found in the House bill. The Senate bill does, however, increase the summer surcharge for water appropriations to \$30 per million gallons from the current level of \$20 per million gallons. Both bills include language that allows the Department of Natural Resources (DNR) to collect review costs from water appropriation project proposers, which is currently only collected from those who end up acquiring permits. That generates about \$10-

20,000 per year. The Senate bill also includes increases to the caps for industrial water appropriation fees that affect the largest 11 or 12 industrial permittees.

There is a further impact on utilities (including city utilities) through increases to land and water crossing fees charged for crossing state property by adding \$1,500 to water crossing fees and \$4,500 to land crossing fees and by requiring monitoring on larger projects to assure that state interests are properly protected. Both of those fee levels are currently set at \$500. This change was included in the Governor's budget and is included in both the House and Senate bills. Between the two, they raise approximately \$450,000 per year for the Land Management Account of the DNR and about \$100,000 per year to cover monitoring expenses.

Questions? Contact Craig Johnson at 651.281.1259 and cjohnson@lmc.org.

May 1 deadline for women in city government leadership award nominations

Nominations are due next week, on or before May 1, for the 2009 Minnesota Women in City Government (MWCG) Leadership Awards.

The MWCG Leadership Awards recognize two outstanding women in Minnesota city government. One award will be presented to an elected woman, and another award will be awarded to an appointed woman. Both winners will be recognized for individual achievement in their cities, as well as leadership and mentoring roles both inside and outside of their communities.



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Nomination forms and additional information is available online at www.mwccg.org or by contacting MWCCG President Mary McComber at marymccomber@aol.com.

Questions? Contact Brian Strub at 651.281.1256, 800.925.1122, or bstrub@lmc.org.

Town hall meetings

Town hall meetings are a great chance to meet with your legislators and tell your city story. Upcoming meetings in a city near you include:

April 30 in **Eagan** (Rasmussen College, 3500 Federal Drive, 7 p.m.) with Sen. Jim Carlson and Reps. Sandra Masin & Mike Obermueller

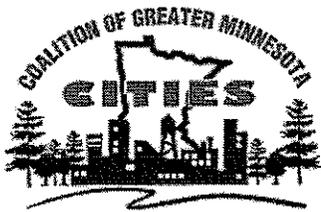
May 2 in **Crystal** (Crystal Community Center 4800 Douglas Dr N, 9 a.m.) with Sen. Ann Rest

May 9 in **Rochester** (Dunn Brothers Coffee, 120 Elton Hills Drive NW, 8:30 a.m.) with Rep. Kim Norton

Another great way to stay informed is to read the non-partisan magazines of the House and Senate. The House publication, Session Weekly, can be found online at www.house.mn/hinfo/swmain.asp You can receive a hard copy delivered by mail at www.house.mn/hinfo/subscribesw.asp In the Senate, Senate Briefly can be found at www.senate.mn/briefly/ You can also watch House floor sessions at www.house.mn/htv/schedule.asp You can sign up for email updates on specific bills at www.house.mn/leg/billslogin.asp You can sign up for email updates on specific committees at www.house.mn/maillist/maillinglist.asp

END

League of Minnesota Cities, 2009



Coalition of Greater Minnesota Cities

CGMC in Brief

April 23, 2009

Contact: Tim Flaherty
651-225-8840

Senate and House release tax bills; Floor votes expected this weekend

By Sunday morning, both the House and Senate are expected to pass their tax bills. From there, the bills will head to a conference committee made up of members from both tax committees to reconcile the differences. To see how your city is impacted by the House, Senate, and governor's bills, visit the "News" section of www.greatermncities.org. Also, attached is a summary comparison of all three budget proposals.

Senate LGA Impact: The Senate bill has no LGA cuts in 2009 and reduces 2010 LGA by 0.7% of a city's 2009 levy + aid. This is an \$11 million cut from current law, or a \$500,000 decrease from certified 2009 LGA.

House LGA Impact: The House bill cuts LGA by \$29 million in 2009 and \$56 million in 2010 from current law. The House bill makes cuts to cities based on their ability to levy the lost aid back. This means a city with a stronger tax base will see a larger cut compared to a city with a smaller tax base. The House does propose to return LGA to its 2009 level by 2011.

From these proposals, it is clear that the Senate values LGA, the jobs and services cities provide through LGA funding, and the property tax relief it supports. The House plan values reducing tax rate disparity among cities. Both bills are considerably better than the governor's proposal that cuts LGA by \$78 million in 2009 and \$168 million in 2010.

It is important to note that these bills are the beginning of negotiations between the House, Senate, and governor and are not the final results. CGMC members must remain vigilant in their defense of LGA and what it provides to our communities. To that end, here are some talking points to use with your legislators and local media:

- CGMC is pleased by the Senate's recognition that cities are already cutting their budgets in 2009 due to the December 2008 LGA unallotment of \$54 million. The Senate's plan does not add to these cuts for 2009.
- CGMC is pleased that the Legislature, and especially the Senate, recognizes that cutting aid only pushing the budget problems onto local property taxpayers.
- Cities have been and will be a part of the state's budget solution, but in an economic crisis, it is critical for the state to continue funding LGA so cities can keep their levies low and not increase the burden on property taxpayers.



County/Township insistence on “town growth areas” derails land use reform negotiations

In the days before the Senate Tax Committee passed its omnibus tax bill, Tim Flaherty and Bradley Peterson were involved in intensive negotiations with representatives of the Minnesota Association of Townships, the Association of Minnesota Counties, and the Minnesota Inter-County Association. These negotiations were convened by Sen. Rod Skoe (DFL-Clearbrook) in an effort to bridge the divide between the parties.

In an effort to make some progress this session on land use issues, the negotiations focused on the establishment of city growth areas; the more contentious issues related to growth outside of cities would be delayed until next year. Discussions seemed to go well until the counties and the towns began insisting that cities and towns be treated alike, and that if cities were to be given dedicated growth areas, then towns should have them as well. It soon became apparent that the county/town proposal was only a slight variation on the status quo, and would only encourage more development outside of cities. It looks unlikely that further negotiations will be held, and further progress on these important issues will need to wait until next year.

Senate includes portions of land use reform bill in omnibus tax bill

Two provisions from S.F. 913/Bakk, the CGMC’s land use reform bill, were included in the Senate omnibus tax bill by Sen. Bakk (DFL-Cook). The first provision is a five-year prohibition on the incorporation of new municipalities. The second provision is an expansion of tax increment financing that would encourage high density commercial/industrial development. Neither of these provisions is included in the House tax bill, so they will undoubtedly be the object of discussion during the upcoming Conference Committee on the tax bill.

House and Senate tax bills cut JOBZ

Both the House and Senate have targeted JOBZ for reductions in their tax bills. The House omnibus tax bill repeals two tax exemptions afforded to individual businesses under the JOBZ program, including the JOBZ individual income tax exemption (469.316) and the JOBZ corporate franchise tax exemption (469.317). The House tax bill sustains tax exemptions for the state sales and use tax, the sales tax on motor vehicles, property taxes, wind energy production taxes, and the jobs credit. The Senate omnibus tax bill, however, takes a broader approach by prohibiting additional JOBZ designations made after April 30, 2009.

House passes bill that will increase wastewater permit fees

Yesterday, the House passed H.F. 2123/Wagenius (DFL-Minneapolis), the omnibus environment finance bill. As reported earlier, this bill will result in permit fees for wastewater treatment facilities, training costs for operators at those facilities, and environmental assessment fee increases of approximately \$13.5 million. A large portion of this increase will fall on municipal wastewater operators. Today, the Senate will be debating its version of this bill, which contains no increases. The difference between the two bills will be resolved in conference committee. If you have any questions regarding this issue, please contact Elizabeth Wefel, at eawefel@flaherty-hood.com.



Overview of Budget Proposals

State Deficit	2010-2011
Forecast Revenue + Carry Over	31,286,000,000
Forecast Spending + Cash Flow	35,856,000,000
Official Deficit	-4,570,000,000

Budget Summaries (In billions)	2010-2011		
	House	Senate*	Gov**
K-12 Shift (one-time money)	1.8	0	1.3
Bonding/Borrowing (one-time money)	0	0	1.0
New General Fund Revenue	1.5	2.2	1.1
Revenue Total	3.3	2.2	3.4
Net Health Care Access Funds Spending Cuts	0	0	0.6
Net Spending Cuts No Federal Funds	1.6	2.4	1.5
Net Spending Cuts w/ Federal Funds	0.8	1.6	0.7
Balance	0.3	0	0.3

* Assumes full utilization of Federal Dollars

** New General Fund revenue from Health Care Access Fund

Source: Minnesota Office of Budget and Management, MN DFL House, MN DFL Senate



Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Members
From: Steve Peterson, Sr. Policy Analyst
Date: April 21, 2009
Re: Senate presents tax bill

Sen. Tom Bakk (DFL-Cook) Chair of the Senate Tax Committee presented his omnibus tax bill today. The bill raises \$2.2 billion in revenue while cutting \$240 million in tax spending.

The bill has no LGA or Market Value Credit (MVC) cuts for 2009. The bill does cut \$16 million in LGA and MVC in 2010 (\$11 million from LGA).

Most of the new revenue comes from increasing all income tax brackets and creating a fourth tier of 9.25% on income over \$250,000 for a married joint filer. The current brackets would increase from 5.35% to 6%, 7.05% to 7.7% and 7.85% to 8.5%. These rates (with the exception of the new fourth tier) are similar to the income tax brackets of 1998 before the Ventura tax cuts (the middle rate of 7.7% is still lower than the 1998 rate of 8%).

The bill also eliminates levy limits, the need for a special truth in taxation hearing, and new JOBZ projects beyond April 30th 2009.

The Senate LGA cuts in 2010 are based off of current law for 2010. Under current law, the LGA program will see a \$10.5 million increase. The Senate will let the LGA formula work for 2010 and then reduce a city's aid payment by 0.7% of its 2009 levy + aid. Under the Senate's proposal, the LGA program will receive approximately \$500,000 less in 2010 than its certified 2009 level. By comparison, the House and governor do not let the formula work in 2010 and cut directly from a city's 2009 certified LGA.

For a full comparison of how the governor, House, and Senate proposals impact LGA in your city, visit the CGMC website at www.greatermncities.org and look under the "News" section. There you will also find a link to a full summary of the Senate tax bill.

If you have any questions, please contact me at smpeterson@flaherty-hood.com.

City	2009 Certified LGA	Gov. 2009 LGA/MVC Cut	House 2009 Division Report LGA/MVC Cut	Senate 2009 LGA/MVC Cut	Gov. 2010 LGA/MVC Cut from Certified 2009	House 2010 Division Report LGA/MVC Cut from Certified 2009	Senate 2010 (Current Law)*	Senate 2010 LGA/MVC Cut from 2010 Current Law*
Luverne	\$1,306,179	\$117,294	\$28,577	\$0	\$244,931	\$44,570	\$1,372,107	\$16,256
Mankato	\$7,622,943	\$1,023,380	\$438,171	\$0	\$2,136,995	\$683,397	\$7,860,173	\$141,835
Marshall	\$2,655,394	\$392,055	\$118,818	\$0	\$818,679	\$185,315	\$2,648,456	\$49,196
Melrose	\$758,166	\$105,738	\$26,419	\$0	\$220,800	\$41,204	\$769,441	\$14,136
Moorhead	\$7,833,646	\$758,761	\$255,171	\$0	\$1,584,425	\$397,979	\$7,920,261	\$103,268
Morris	\$2,321,783	\$172,748	\$29,646	\$0	\$360,729	\$46,237	\$2,390,220	\$23,942
Mountain Iron	\$1,208,124	\$172,915	\$25,773	\$0	\$361,076	\$40,197	\$1,311,148	\$23,243
New Ulm	\$4,658,946	\$499,050	\$108,212	\$0	\$1,042,103	\$168,774	\$4,859,348	\$69,166
North Mankato	\$1,824,115	\$338,306	\$138,462	\$0	\$706,441	\$215,953	\$1,855,255	\$45,487
Olivia	\$791,922	\$82,775	\$14,451	\$0	\$172,848	\$22,539	\$821,674	\$11,472
Ortonville	\$781,894	\$68,373	\$10,882	\$0	\$142,774	\$16,972	\$807,143	\$9,476
Owatonna	\$4,260,278	\$708,835	\$282,015	\$0	\$1,480,171	\$439,847	\$4,201,540	\$95,923
Park Rapids	\$520,376	\$114,008	\$45,881	\$0	\$238,068	\$71,558	\$486,811	\$15,801
Perham	\$552,403	\$82,036	\$22,579	\$0	\$171,306	\$35,215	\$583,468	\$11,370
Plainview	\$666,912	\$93,370	\$26,325	\$0	\$194,972	\$41,058	\$686,161	\$12,941
Princeton	\$768,919	\$146,845	\$45,956	\$0	\$306,638	\$71,676	\$756,957	\$20,220
Red Wing	\$1,445,120	\$712,414	\$284,065	\$0	\$1,487,644	\$443,044	\$1,518,438	\$98,737
Redwood Falls	\$1,276,638	\$169,240	\$31,765	\$0	\$353,403	\$49,543	\$1,331,789	\$23,456
Renville	\$459,140	\$57,737	\$6,657	\$0	\$120,564	\$10,382	\$478,381	\$8,002
Rochester	\$8,979,816	\$2,548,929	\$1,281,599	\$0	\$5,322,607	\$1,998,855	\$8,960,782	\$353,268
Roseau	\$680,453	\$87,961	\$17,862	\$0	\$183,677	\$27,859	\$700,926	\$12,055
Rushford	\$633,407	\$64,775	\$11,467	\$0	\$135,261	\$17,885	\$656,331	\$8,893
Saint Charles	\$856,623	\$78,349	\$27,736	\$0	\$163,606	\$43,258	\$876,178	\$10,859
Saint James	\$1,447,944	\$116,960	\$21,253	\$0	\$244,232	\$33,148	\$1,513,527	\$16,210
Saint Joseph	\$865,754	\$135,882	\$48,494	\$0	\$283,745	\$75,634	\$849,769	\$18,715
Saint Peter	\$2,876,009	\$234,549	\$62,306	\$0	\$489,780	\$97,176	\$2,971,984	\$32,507
Sartell	\$443,363	\$249,401	\$170,295	\$0	\$520,794	\$265,602	\$373,418	\$33,863
Staples	\$1,056,223	\$91,238	\$14,958	\$0	\$190,520	\$23,330	\$1,092,233	\$12,301
Thief River Falls	\$2,684,970	\$215,532	\$47,555	\$0	\$450,069	\$74,169	\$2,745,893	\$29,872
Tracy	\$944,426	\$93,592	\$8,135	\$0	\$195,437	\$12,688	\$977,886	\$12,968
Virginia	\$4,479,565	\$444,352	\$57,338	\$0	\$927,884	\$89,428	\$4,544,533	\$61,183
Wadena	\$1,326,871	\$104,494	\$28,517	\$0	\$218,201	\$44,476	\$1,349,628	\$14,482
Waite Park	\$295,880	\$248,678	\$113,542	\$0	\$451,187	\$177,086	\$228,590	\$34,465
Warren	\$599,766	\$45,798	\$6,004	\$0	\$95,634	\$9,364	\$630,466	\$6,347
Warroad	\$815,900	\$76,058	\$10,773	\$0	\$158,822	\$16,802	\$839,864	\$10,541
Waseca	\$2,674,495	\$311,350	\$66,684	\$0	\$650,154	\$104,005	\$2,745,659	\$43,151
Willmar	\$4,596,086	\$410,188	\$163,919	\$0	\$856,545	\$255,658	\$4,674,744	\$56,850
Windom	\$1,334,068	\$144,462	\$26,612	\$0	\$301,663	\$41,505	\$1,421,982	\$20,022
Winona	\$10,160,338	\$814,823	\$237,763	\$0	\$1,701,492	\$370,828	\$10,433,381	\$112,251
Worthington	\$3,145,279	\$290,001	\$68,060	\$0	\$605,572	\$106,150	\$3,144,857	\$40,193
CGMC Total	\$170,315,985	\$21,114,626	\$6,753,791	\$0	\$44,022,918	\$10,533,595	\$173,230,252	\$2,901,958

* Current Law 2010 LGA with Senate changes for two cities

Source: MN Dept. of Revenue, MN House Research, Senate Counsel.

Prepared by Flaherty and Hood, P.A. for the Coalition of Greater MN Cities, 4/21/2009.



Dedicated to a Strong Greater Minnesota

MEMORANDUM

To: CGMC Members
From: Steve Peterson, Sr. Policy Analyst
Date: April 20, 2009
Re: House presents tax bill

Rep. Ann Lenczewski (DFL-Bloomington), Chair of the House Tax Committee, presented the House tax bill today. The bill raises \$1.5 billion in new general fund revenue while cutting \$275 million in tax spending over the next two years. Bill highlights are outlined below.

City-Specific Interest

- LGA and Market Value Homestead Credit (MVHC) are cut \$50 million in 2009 and \$68.2 million in 2010. The cut is based on a city's net tax capacity and is the same as the proposal presented by the Property Tax Division early this month.
- Cities are given a temporary option to use their lodging tax for general fund purposes.
- Cities are given the ability to authorize municipal street improvement districts to finance street improvement and maintenance.
- The bill contains some mandate relief including the removal of levy limits and the removal of a separate truth and taxation hearing.
- The sunset date for establishing special service districts without special legislation is moved from June 30, 2009 to June 30, 2013.
- JOBZ individual income tax exemption and the JOBZ corporate franchise tax exemption is repealed, but the bill sustains tax exemptions for state sales and use tax, the sales tax on motor vehicles, property taxes, wind energy production taxes, and the jobs credit.

General State Interest

- Counties are given an optional local sales tax for general use that is partially equalized.
- A new 4th tier income tax of 9% on income earned over \$300,000 for a married couple or \$167,000 for a single person is created.
- Taxes are increased on alcohol beverages and cigarettes.
- Allowable income tax deductions are significantly reduced.

- The plan increases the property tax rebate program by \$20 million, which is paid for with a reduction in the MVHC.
- The dedication of revenues from the sales tax on motor vehicle leases to the lower income motor fuels credit is eliminated. The dedicated portion of the revenue from the sales tax on these leases will now be split 50-50 between the greater Minnesota transit account and the county state-aid highway fund.

Amendments and the final committee votes on the House tax bill will be completed on Tuesday. Also on Tuesday, the Senate will unveil its tax bill. Look for more information, including a bill summary, on the CGMC website www.greatermncities.org.

If you have any questions, please contact me at smpeterson@flaherty-hood.com.



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Tax committee update

Although much of this week's legislative focus has been on completing the individual omnibus finance bills that will ultimately become the state's biennial budget, the Tax Committees have continued to meet in preparation for next week's push to complete the omnibus tax bills. This is a brief update of some of the House and Senate Tax Committee activity.

In the Senate

The Senate Tax Committee spent most of the week considering a variety of job-creating tax bills as it worked to find revenue for the state's general fund. Tax Committee Chair Tom Bakk (DFL-Cook) said during each of this week's hearings that he is placing a strong emphasis on creating job opportunities through provisions he intends to include in the omnibus tax bill, which will be released early next week. Some of the initiatives under consideration this week include the Green JOBZ proposals, angel investor tax credit legislation and a new compact development TIF district authorization.

On Thursday, Sen. Jim Metzen (DFL-South St. Paul), Sen. Bakk, Sen. Larry Pogemiller (DFL-Minneapolis) and Sen. Tarryl Clark (DFL-St. Cloud) introduced SF 2078, a bill that includes an aggressive assortment of job-creation initiatives that has been developed by a diverse group of interests referred to as the Jobs Coalition. The group has been meeting since the beginning of the session and includes representatives of construction interests, professional groups, labor unions, and several individual cities.

The lengthy bill is designed to stimulate construction in the near term, leveraging more

private investment for projects, and is designed to piggy-back on the federal stimulus package in order to have a greater construction job-creation impact. Based on lobbying materials distributed by the Jobs Coalition, their emphasis appears to be on building or "vertical construction" as opposed to bridges and roads, which have been the larger focus of the federal stimulus package. Based on the impressive list of Senate leadership coauthors, it appears that portions of the bill are likely to be included in the Senate omnibus bill. There is currently no House companion.

In the House

This week, the House Tax Committee considered legislation that would generate new revenues by increasing liquor and tobacco taxes. Rep. Karen Clark (DFL-Minneapolis) authored two such proposals that would increase liquor taxes or would create a new "liquor impact fee." The bills, HF 1896 and HF 2125, could raise roughly \$100 million a year. Her bills raise new revenues but dedicate the new revenues to health-related initiatives. However, given the immense state deficit, these new revenues could be used to plug the general fund deficit or for a broad set of new spending initiatives.

The Clark bills sparked an interesting debate among members that included a discussion of the broader public safety costs of alcohol consumption. Chair Lenczewski repeatedly reminded the committee that liquor taxes in Minnesota have not been modified since the late 1980s. Based on the committee discussions, it was obvious that members were not entirely thrilled with the idea of raising liquor, wine and beer taxes. That said, several members indicated that the committee is "between a rock and a hard place" in meeting



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the committee budget targets, and that solutions will ultimately involve difficult and unpopular decisions. Several liquor-related interests testified against the Clark bills and Rep. Laura Brod (R-New Prague) asked that a local impact note be prepared on the bills. Given the late timing of session and the complexity of all the societal issues related to alcohol, it will be difficult for the Department of Finance to compile an accurate and complete fiscal note.

On Thursday morning, the House Tax Committee amended HF 2020, the bill that will become the property tax article of the yet-to-be-released House omnibus tax bill. The amendment will eliminate the long-standing state income tax deduction for real and personal property taxes. The elimination of the deduction is estimated to generate \$359 million over the upcoming biennium.

The elimination of the income tax deduction does not have a direct impact on city finances but it could heighten taxpayer interest in their property tax burdens. The spreadsheet that tracks the revenues and expenses of items in the bill also indicated that the increased revenue would be offset by other tax reductions in the upcoming omnibus tax bill. We expect the final House tax bill will include this provision.

Questions? Contact Gary Carlson at 651.281.1255 or gcarlson@lmc.org. or Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Judiciary budget bill moderated

Some objectionable provisions contained in the Senate version of the omnibus judiciary bill, SF 1627 (Foley, DFL-Coon Rapids), were

removed by the Senate Judiciary Budget Division on Thursday. The League, along with several city attorneys and lobbyists from Minneapolis and St. Paul, had worked for weeks to remove or mitigate the following provisions in the bill:

- a petty misdemeanor cap on first-time ordinance violations;
- conversion of all misdemeanors contained in ordinances of local units of government to petty misdemeanors; and
- prohibition on administrative penalties for any law having a misdemeanor or petty misdemeanor penalty.

The Division removed the petty misdemeanor cap language, as well as the provisions converting misdemeanors to petty misdemeanors. The Division clarified the administrative penalty section to say that no local unit of government "may impose administrative penalties to enforce a provision of this or any other chapter of *state* law having a felony, gross misdemeanor, misdemeanor or petty misdemeanor penalty." This clarifies that under the bill, local units will still be able to enforce ordinances related to building code violations, animals, etc., with administrative fines.

There was an effort to remove the administrative fines prohibition section in its entirety but the amendment failed on a voice vote.

The changes made by the Division make the bill significantly less objectionable to cities.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.



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Senate Division advances measure that would prohibit administrative fines for traffic offenses

The Senate Judiciary Budget Division on Thursday approved a bill containing a measure that would prohibit local units of government from imposing administrative penalties to enforce petty misdemeanor violations, including traffic violations. The language is a provision in SF 1627 (Foley, DFL-Coon Rapids), the omnibus judiciary bill. The League opposes the measure.

At Thursday's hearing, an amendment to remove the provision that was offered by Sen. Bill Ingebrigtsen (R-Alexandria) was rejected on a voice vote.

Meanwhile, the League, along with the Association of Minnesota Counties, the Minnesota Chiefs of Police Association and the Minnesota Sheriffs Association, are trying to resurrect a bill representing a compromise on the issue.

The measure, HF 1517 (Hosch, DFL-St. Joseph)/SF 1894 (Clark, DFL-St. Cloud), contains the following key components:

- A local unit of government may, by ordinance, authorize its police officers to issue administrative citations.
- The ordinance must contain a process for a violator to appeal the citation, and the process must involve a neutral third party such as an administrative hearing officer.
- The violations eligible for an administrative citation are 1) speeding less than 10 miles per hour above the posted limit; 2) stop line violations; and 3) equipment violations such as a cracked windshield.

- The amount of the administrative fine is \$60.
- When a local unit of government issues the citation, two-thirds of the fine is retained by the issuing authority and one-third must be given to the state.
- When the State Patrol issues the citation, two-thirds of the fine is retained by the state, and one-third is turned over to the local jurisdiction where the citation was issued.

The bill stalled last week after the State Court Administrator's Office released a preliminary fiscal note estimating a negative fiscal impact on the state if the bill becomes law. The perception that the bill would have a negative fiscal impact is particularly problematic in light of the state's budget deficit. The bill's supporters, including the League, have issued a letter challenging the assumptions used to draft the fiscal note.

Questions? Contact Anne Finn at 651.281.1263 or afinn@lmc.org.

Cooperative purchasing provision made permissive

The League was successful, during the markup of the omnibus state department's budget bill, in removing the new mandated language requiring cities to use the state's cooperative purchasing program. HF 1781 (Kahn, DFL-Minneapolis). The original author's markup contained the language from Rep. Winkler's bill, HF 1423, which was also an initiative of the governor. The League submitted a letter to the committee asking them to consider removing the mandatory language; the chair had indicated that they were not going to take time for testimony on her bill, which is usually

For more information on city legislative issues, contact any member of the League of Minnesota Cities Intergovernmental Relations team.

651.281.1200 or 800.925.1122 and www.lmc.org



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permitted. Rep. Sandra Masin (DFL-Eagan) ultimately succeeded in changing the word "must" to "may", and making the cooperative purchasing language much more permissive. She had tried earlier in the committee's debate to strip the entire section 78 from the bill, which failed. The League's letter spoke to the perceived mandate and the fact that cities can already do this, and referenced all of the other joint purchasing efforts that are under way by cities.

At this time, it appears that this issue will not be included in the Senate's version SF 2082 (Betzold, DFL-Fridley). The companion to the Winkler bill is legislation of Sen. Bonoff's (DFL-Minnetonka), and is in the Rules and Administration Committee having had a favorable hearing in the Senate State and Local Government Operations and Oversight Committee.

****IMPORTANT UPDATE: There is no longer a fee for cities to participate in the Department of Administration's cooperative purchasing program. Interested cities can find out more about the program at <http://www.mmd.admin.state.mn.us/cpv2.htm>. Legislators have been critical this session of what they perceive to be a low participation rate by cities. In the past, the required fee was likely an obstacle for many cities. The fee has been dropped and the costs passed onto vendors according to the Department of Administration. A number of cities have reported good success, depending on the product and have been able to use those prices to leverage other good numbers with possibly local vendors. A number of cities have also reported prices that were not competitive at all with certain products. Currently 86 out of 87 counties use the system, and over 250 Minnesota cities have

participated in the state's cooperative purchasing program along with cities outside the state.

Questions? Contact Jennifer O'Rourke at 651.281.1261 or jorourke@lmc.org.

Third committee deadline

After coming back from nearly a week-long spring break the Legislature quickly got back to work compiling omnibus finance bills in time to meet the April 16 third committee deadline. The third deadline was set for divisions of the House and Senate Finance Committees to act favorably on omnibus appropriation bills. Due to the lack of available fiscal notes, the House and Senate Health and Human Services Committees did get an extension.

With only a few days to assemble, many of the finance committee divisions made drafts of their omnibus bills or spreadsheets available earlier this week for members and interested stakeholders to review and prepare amendments. The bills were formally presented in committee on Tuesday and Wednesday, and amended and passed out of the divisions in time to meet the third committee deadline.

The House and Senate Finance Committees have already begun processing omnibus budget bills in order to meet the fourth committee deadline of April 22. The fourth committee deadline is the date in which the House and Senate committees on Finance, the House Ways and Means Committee and the House and Senate committees on Taxes must act favorably on omnibus appropriation and tax bills. The House and Senate committees on



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Taxes are currently hearing bills to be considered for inclusion in their omnibus bills.

One last committee deadline is set for May 7. This deadline has been set for conference committees to complete their work on omnibus appropriation and tax bills to report to the floor. This will give the House and Senate 11 days before the constitutionally mandated adjournment date of May 18 to pass the bills off the floor.

The timing of when the Legislature passes and presents bills to the governor becomes very important during the last few days of session. In odd-numbered years, the governor has three days to act on bills, even bills passed during the final three days of the session (this is in contrast to even-numbered years when the governor has 14 days to act on a bill). However, due to the fact that the governor can wait up to three days to act on a bill, his decision could occur after the Legislature must adjourn. As a result, the Legislature generally tries to complete its work before the final three days of the session in order to preserve time for a veto override or to assemble a new version of the bill.

Questions? Contact Hue Nguyen at 651.281.1260 or hnguyen@lmc.org.

Targeted communities included in Omnibus Housing and Public Health Budget Bill

Language expanding an Urban Revitalization Action Program (URAP) was included in the House Housing Finance and Policy and Public Health Finance omnibus bill that passed out of the committee division this week.

The language revives URAP, a program which was created during Minnesota's last housing crisis for the cities of the first class and a city of the second class that is designated as an economically depressed area by the United States Department of Commerce. The program is currently still in statute but has not been funded in years. When the program was funded, URAP supported very specific, targeted program dollars to neighborhoods for purposes of affordable housing and economic recovery. The cities could use funds for construction, reconstruction, alteration and repair of buildings, providing energy assistance loans and grants, or relocation or acquisition of real property.

The amendment expands the program statewide, renames the program targeted communities and includes areas of with high rate of foreclosed and vacant properties as qualifying criteria.

The language came from HF 2070 and SF 1772 authored by Rep. Joe Mullery (DFL-Minneapolis) and Sen. James Metzen (DFL-South St. Paul). The original bill included an appropriation of \$30 million to the Department of Employment and Economic Development, but with the state facing a budget deficit money was not available for the program.

Language was not included in the Senate Economic Development and Housing Budget omnibus bill.

Questions? Contact Hue Nguyen 651.281.1260 or hnguyen@lmc.org.



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Water fees considered in environmental budgets

The House and Senate finance committees have completed their budget bills for environmental programs funded by the general fund, environmental fund, and remediation fund. Initial proposals could have increased fees on water permit holders by as much as \$31 million per biennium. The League testified in both bodies against passing the burden for state revenue shortfalls down to city water utilities. Neither body's final package includes those levels of new costs.

The House bill, HF 2123, (Wagenius, DFL - Minneapolis) includes the early adoption of current draft permit fee increases so that those fees will go into effect as of July 1 instead of later this year. That fee increase raises approximately \$6 million per biennium. In addition, there would be \$1.7 million of environmental review costs and \$2.2 million of training and certification costs collected by the Minnesota Pollution Control Agency (MPCA). The bill then requires that the rest of the agency's water permitting program be funded through fee increases enacted in January 2011. That deficit appears to be another \$3.6 million according to spreadsheets provided by the MPCA, meaning that the House proposal includes a total of \$7.5 million per biennium in new revenue collected for agency water program work beyond current fees and the draft fee increase already in process of being adopted.

The Senate budget bill that was sent to the Senate Finance Committee yesterday (no file number assigned yet) does not include any of the fee increases found in the House bill. The Senate bill does, however, include \$1 million in

new water appropriation fees. Permit fees for six large industrial users will be increased and summer use rates for cities will increase to cover that requirement.

Watch League publications for updates and details on environmental budget discussions.

Questions? Contact Craig Johnson at 651.281.1259 or cjohnson@lmc.org.

Minnesota Women in City Government Leadership Awards

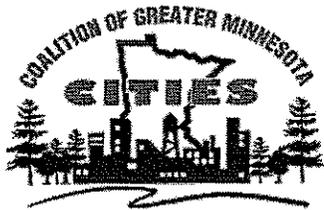
Minnesota Women in City Government (MWCG) is seeking nominations for MWCG 2009 Leadership Awards recognizing two outstanding women in Minnesota city government. One award will be presented to an elected woman in city government, and another award will be awarded to an appointed woman in city government. Both winners will be recognized for individual achievement in their cities, as well as leadership and mentoring roles both inside and outside of their communities.

Nominations are due on or before May 1, 2009. A nomination form and additional information is available online at www.mwcg.org or by contacting MWCG President Mary McComber at marymccomber@aol.com or Brian Strub, LMC, at 651-281-1256, 800-925-1122, or bstrub@lmc.org.

Town hall meetings

Town hall meetings are a great chance to meet with your legislators and tell your city story, sometimes right inside city hall.

April 18 in **New Brighton** (Freedom Park, 10 a.m.) with Rep. Kate Kruth.



Coalition of Greater Minnesota Cities

CGMC in Brief

April 16, 2009

Contact: Tim Flaherty
651-225-8840

Land use reform bill draws robust debate

The CGMC land use reform bill (S.F. 913/Bakk), which aims to regulate development immediately outside of a city's limits, passed out of the Senate Finance Committee this week after an extensive debate. Sen. Steve Dille (R-Dassel) made strong arguments supporting the bill. The bill was recommended to pass and be sent to the Senate Tax Committee. Sen. Bakk (DFL-Cook) asked representatives from CGMC, counties, and townships to continue to meet and make progress on this bill before next Monday. A meeting between these parties has been scheduled for Thursday afternoon.

The House companion bill (H.F. 1035/Hosch) was denied a hearing in the House State and Local Government Operations Reform, Technology, and Elections Committee, so it is dead in the House for now. The bill, or portions of the bill, could still be added to the Senate omnibus tax bill and passed even though the House refused the bill.

Tax bills on committee agendas for next week

Tax bills are expected to be heard next week in both the House and Senate tax committees. They will likely be passed next week as well and sent to the floor for debate. The tax bills contain specific details about LGA funding, such as the proposed cuts to the program and how these cuts will be distributed.

Budget summary clarification

Last week, the *CGMC In Brief* outlined the budget proposals from the governor, Senate, and House. A clarification on the governor's proposal is needed. After federal recovery dollars, the governor cuts \$700 million of General Fund spending. He also merges \$1.1 billion of the Health Care Access Fund into the General Fund. This creates an additional \$600 million of spending cuts from programs currently funded out of the Health Care Access Fund that would not be funded in the General Fund under the governor's proposal. This raises the governor's total cuts to \$1.3 billion, making his cuts larger than the House's, but smaller than the Senate's. An updated comparison of the three budget proposals is attached.

REMINDER: Meet with your editorial boards about LGA

Last week, CGMC asked our mayors and administrators to meet with local newspaper editorial boards to garner editorials in support of LGA. International Falls gets an A+ for completing this assignment (see attached editorial from the International Falls Daily Journal). If you have not yet met with your editorial board, please do so immediately. A supportive LGA position from your local paper will go a long way in securing support from both the public and legislators on the issue.



UPDATE: Thank LGA continues to lead the fight

Last week, Thank LGA launched its first in a series of web ads (visit www.ThankLGA.org to view this ad). Featured in the ad are CGMC President Wayne Wolden, police officers, firefighters, and library supporters, all making the case for LGA funding. In the upcoming weeks, Thank LGA will release additional web ads, hold press conferences, and submit guest columns to news outlets statewide. If you have not done so already, please link to www.ThankLGA.org on your city's website and spread the word about our campaign!

House Environmental Finance Committee backs off steep permit increase

As reported last week, the House environmental finance bill, H.F. 2123, included a provision that would lead to a significant increase in municipal wastewater permit fees by requiring that the MPCA charge out all direct and indirect costs associated with water quality to permit holders. The bill's author, Rep. Wagenius (D-Minneapolis), introduced an amendment yesterday that scaled back this proposal so that only direct costs associated with developing and reviewing the permits will be charged out to permit holders. Although permit fees will rise this summer as a result of MPCA rule changes, the changes will not be as significant as they would be under the original bill. The Senate bill still contains the original language charging out all indirect costs, but we expect that bill will be amended in a similar manner. If you have any questions regarding this issues, please contact Elizabeth Wefel, at ewefel@flaherty-hood.com



Overview of Budget Proposals

State Deficit	2010-2011
Forecast Revenue + Carry Over	31,286,000,000
Forecast Spending + Cash Flow	35,856,000,000
Official Deficit	-4,570,000,000

Budget Summaries (In billions)	2010-2011		
	House	Senate*	Gov**
K-12 Shift (one-time money)	1.8	0	1.3
Bonding/Borrowing (one-time money)	0	0	1.0
New General Fund Revenue	1.5	2.2	1.1
Revenue Total	3.3	2.2	3.4
Net Health Care Access Funds Spending Cuts	0	0	0.6
Net Spending Cuts No Federal Funds	1.6	2.4	1.5
Net Spending Cuts w/ Federal Funds	0.8	1.6	0.7
Balance	0.3	0	0.3

* Assumes full utilization of Federal Dollars

** New General Fund revenue from Health Care Access Fund

Source: Minnesota Office of Budget and Management, MN DFL House, MN DFL Senate

House plan favorable

By Journal Staff

Created 04/10/2009 - 5:00am

State aid is crucial to the operation of small, rural cities and counties like International Falls and Koochiching County.

Gov. Tim Pawlenty's plan to help solve a projected \$426 million deficit for the remaining months of the current biennium, and a \$4.6 billion deficit for the 2010-2011 biennium, calls for huge cuts to city aid and credits, as well as cuts to county program aid.

For International Falls, the governor is proposing a cut of \$287,992 in 2010 (the city's 2009 budget) and \$601,377 in 2011, (the city's 2010 budget).

This is on top of the of \$222,672 cut in the December 2008 LGA payment.

Should Pawlenty's plan be implemented, it's likely local taxpayers will have to anti up more to make up the difference or decide whether their city or county should cut the services it provides to its residents.

Instead, we favor a House plan that calls for significantly lower overall cuts in state aids and credit reimbursements than those proposed by the governor. Under the plan, cities would have a \$50 million cut in 2009 local government aid and market value homestead credit reimbursements. That represents about half of the \$99 million cut proposed by the governor.

For 2010, the city cut under the House plan would increase to roughly \$78.7 million compared to current law. More cuts are also proposed for 2011.

For International Falls, the House is proposing a cut of \$46,796 to the city's 2009 budget and \$72,719 in its 2010 budget.

Local government aid to cities was a part of the 1967 legislation known as the Minnesota Miracle. It was intended to redistribute wealth across the state and it has.

It's time for another Minnesota Miracle — one that will allow the residents of International Falls and Koochiching County to continue to receive the services they need without carrying a huge tax burden which will hurt local development and business opportunities.

Minnesota Institute of Public Finance, Inc.

M E M O R A N D U M

TO: Minnesota House of Representatives – Tax Committee
FROM: Minnesota Institute of Public Finance
DATE: April 10, 2009
SUBJECT: HF 1782 - Impact of Proposal to Remove Exemption of Interest on Minnesota Bond Issues

This Memorandum is submitted by the Minnesota Institute of Public Finance to describe how the provisions relating to exemption of interest on Minnesota municipal bonds included in HF 1782 will adversely affect Minnesota cities, school districts, counties and other political subdivisions, and the State of Minnesota itself by raising their borrowing costs. Those increased costs will be passed on, in the case of local political subdivisions, to property tax payers, and in the case of State bonds, to income tax payers. This proposal will also affect bonds issued by the Minnesota Housing Finance Agency, and those increased costs will be passed on to low and moderate income persons in the form of reduced housing subsidies. Our organization is concerned that this legislation is being considered without full consideration of the benefits created by the exemption of Minnesota bond interest from Minnesota taxes, and based on a financial analysis that may exaggerate the potential revenue to be derived from the proposed change and which does not appear to consider the offsetting costs which will result from the proposed change.

It appears to us that the revenue impact numbers presented at the recent House Tax Committee hearing assume that there is no benefit to the issuers of Minnesota bonds from the current exemption of interest on such bonds from Minnesota income taxation. Nothing could be further from the truth. Currently, Minnesota issuers enjoy some of the lowest interest rates on their bonds of any state. This is primarily the result of the state tax exemption and the demand from Minnesota residents that it creates. Although only approximately half of newly issued Minnesota bonds are purchased by Minnesota residents, Minnesota bonds enjoy a strong level of interest from national buyers. These buyers appreciate the strong liquidity in the secondary market that Minnesota bonds have due to the strong demand that Minnesota residents have for these bonds. Again, this demand is a result of the current tax exemption. The difference in interest rates that Minnesota issuers pay versus those issuers where no state tax exemption exists is significant, both at the state and local levels. A 1996 study by Don Diddams clearly proves this. In today's volatile market, we believe the case is even stronger. A recent sale proves this point.

City of Maplewood General Obligation	City of Middleton, WI General Obligation
Sale Date: 3/9/09	Sale Date: 3/9/09
Rating: Aa2	Rating: AA+
5 year yield: 2.45%	5 year yield: 2.8%
10 year yield: 3.45%	10 year yield: 3.9%
15 year yield: 4.25%	15 year yield: 4.4%

Many other examples exist which show the clear advantage that the state tax exemption on Minnesota

bonds gives to the state and local government entities in Minnesota. As can be seen, the advantage is approximately 35 to 40 basis points on good quality names like the city of Maplewood. Although there is not a comparable same day sale for the State of Minnesota's recent general obligation issue (January 29, 2009), State of Minnesota bond issues have typically been 25 basis points lower than comparable credits, and we believe that advantage continues to exist. For smaller issuers, the advantage is even greater.

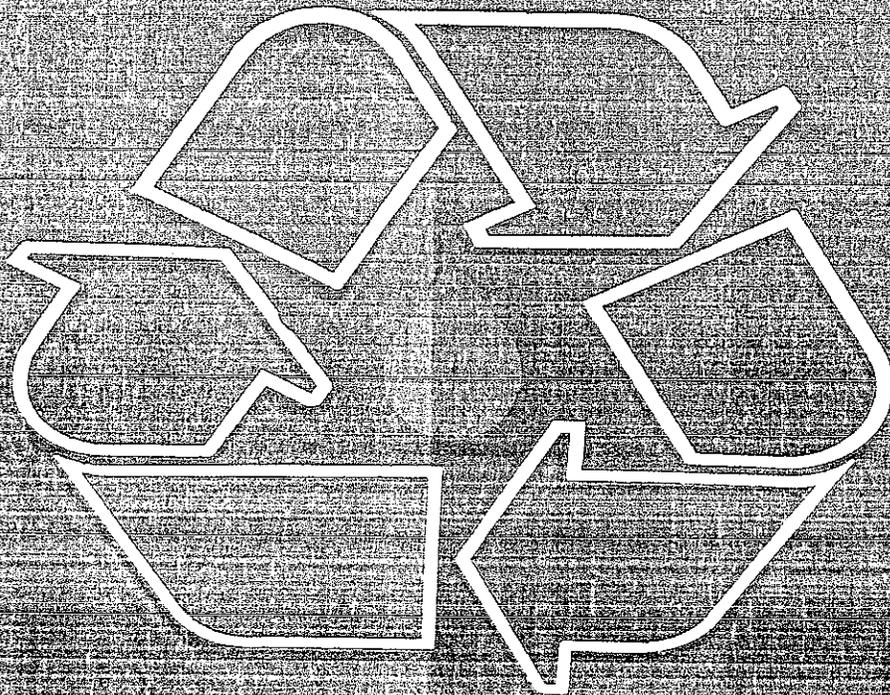
By placing a state income tax on the interest income derived from these bonds, interest rates will rise to a level comparable to the national market and Minnesota issuers and taxpayers will be the losers, and the burden will disproportionately fall on the smallest issuers. In each of the past two years, the State of Minnesota and its local governmental issuers have issued approximately \$6.8 billion of new bonds. Adding 35 basis points to this annual debt will add \$23.8 million in annual interest costs to Minnesota governments. Of this total, the state usually issues around \$500 million each year. Adding 25 basis points to this debt will add \$1.25 million to the state's annual interest costs. State agencies issue another \$500 million in annual debt. Adding 30 basis points to this debt will cost the state another \$1.5 million each year in debt service. Together, the state and its agencies will pay approximately \$2.75 million in additional interest costs. Those additional costs must be taken into consideration as an offset to the revenue projections which have been presented.

We also believe that the revenue projections which were presented to the House Tax Committee at the recent hearing are based on incorrect assumptions as to the additional revenue which will be derived by the State from the proposed change. As mentioned above, currently about 50% of Minnesota bonds are purchased by Minnesota taxpayers. However, this number would clearly drop if the tax exemption were no longer available, because Minnesota buyers would find Minnesota bonds less attractive and the increased interest rates on Minnesota bonds would attract more non-Minnesota bond buyers. If you assume that this number drops to 30%, that they all paid the highest tax rate and that the average interest rate was 4%, the state would realize an additional \$6.3 million in revenue. However, when the additional interest costs of just the state and its agencies, as described above, are subtracted from this number, the state would only realize about \$3 million in new revenue. Local Minnesota governments and taxpayers would pay an additional \$21 million in interest costs each year while the state would realize net new revenue of only \$3 million. This significant difference points to the value of retaining the tax exemption. It also demonstrates that any attempt by the State to provide some kind of direct subsidy to local governments to compensate for the loss of the tax exemption of bond interest is not in the financial best interests of either the State or the local governments.

Clearly, the state and its local governments are under some current financial stress. We are concerned that the proposal to tax interest on Minnesota municipal bonds will result in only minimal additional net revenue to the State, while significantly increasing the burdens on local government and their citizens. As has been demonstrated for many years, the municipal bond market is a valuable tool to maintain and develop infrastructure and create local jobs. Convenient, low cost access to this market is critical. The federal government has clearly recognized this fact and is trying many different things to promote and lower the cost of access to this market as part of the federal stimulus package. We believe that the state government should be doing the same, especially when the economic benefits of doing so are so clearly defined.

Conservation Games

By Carl Brown



Conservation Rates in Minnesota Law - Part 1

Editor's Note: This article is Part 1 of a 3 part series. Be sure and watch for Part 2 and Part 3 which will be printed in the Summer 2009 and Fall 2009 Today magazine respectively.

Water conservation – just use less water, right? Conservation rates – just charge more for more use, right? No big deal, problem solved.

Sorry, it's not that easy.

This article will discuss the water conservation issue briefly and conservation rates in some detail. This is an important and current issue since the state of Minnesota recently enacted a law that requires water systems to adopt conservation rates.

Water conservation is indeed a good thing in situations like these:

- The water supply is limited relative to demand, which is the case for more and more systems,
- Environmental, wildlife, plant life and other resources would suffer degradation at unchecked water usage levels,
- Costs to produce potable water would rise markedly to satisfy high levels of demand, especially for those who are least able to pay high costs, and
- Some communities want to keep out large water users, which may be code for dirty industries. (This may be a sneaky way to zone without passing zoning ordinances.)

Water conservation is generally a good thing but it is still just one among many good things. Water conservation is not such a good thing when the situations listed above are not at issue, especially when water is relatively plentiful and would support beneficial uses like economic development and agriculture. Really now, we need to plant food. Is it better to do it in the State of Nevada, where water has to be piped in, or in southern Minnesota where water and soils are great for farming? We need to use resources in the places where it makes most sense to use them.

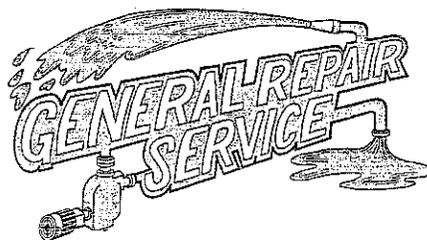
The statement "water conservation is a good thing" is indeed usually true. It can follow that "conservation rates are a good thing" because they encourage water conservation. When such rates actually cause conservation to occur that is often a good thing. Even when conservation rates don't cause conservation it can still be a good thing.

Or, conservation rates can be a bad thing. It all depends.

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Conservation rates can be an especially good thing where some water customers "waste" water and those wasters are financially able to pay higher rates for the privilege of being wasters. The following story will illustrate this situation:

The property owners in the "Aspenwood Club" subdivision all have million dollar homes on one-acre lots with in-ground lawn irrigation systems that soak each of those lawns daily to the tune of 200,000 gallons per month every spring, summer and fall. The Club members all revel in their lawns that look like the 18th green at the Augusta National Golf Club.

Meanwhile, the elderly "Clapboard Village" homeowners, all of whom grow gardens out back so they can supplement their food supply, scrim on 2,000 gallons per month in the winter and carefully apply another 2,000 gallons per month to their gardens in the summer.

Because the Aspenwood Club homeowners are using up all the water the city will soon need to sink two new wells and build two new 500,000 gallon water towers to supply their demand. The Aspenwood Club homeowners say, "Let's do it." But the Clapboard Village homeowners say, "But, that will raise everyone's rates by 50 percent. Why don't we just conserve water?"

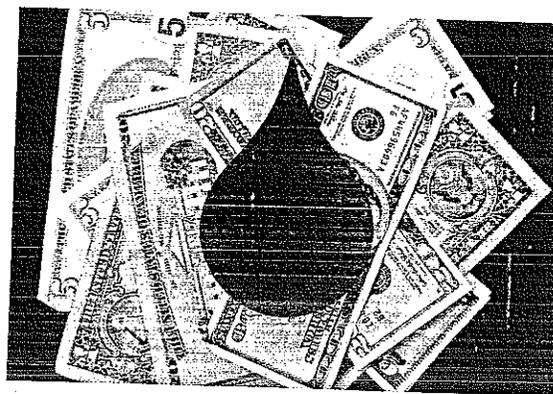
Is it fair for the Aspenwood Club members to run the system out of water? Most would say it is not. Enter conservation rates.

Conservation rates collect incrementally more money from those who use more water. Those people are commonly able to pay more, too. Conservation rates might also cause water wasters to waste less, although the savings will probably be far less than you would think. Many of those water wasters are affluent and they love their beautiful green lawns so much that you could triple their water bill and it still wouldn't dent their income. Thus, even if conservation rates don't cause conservation, they will end up collecting more money from those who generally can afford to pay more. That will lower the rate revenues the water system will need to collect from all other users, like the Clapboard Village residents.

Those of you who make decisions for and manage a water system must balance rate setting value judgments like these against this reality: your water system is a business. All businesses must cash flow properly or they will soon be out of business. Then, no one will get any benefits. Viewed in this light, conservation rates can do some nice things for your system.

Everyone intuitively understands that water conservation is one of the things we need to do to live sustainably, but it is good to get these issues out in the open.

Consider this general advice before you enact any rate structure. You should analyze your rate setting needs and calculate what your cost to produce water is. Rarely should you sell any volume of water below your cost to produce. If you do, you should maintain very strong reserves. (Actually, you should maintain strong reserves anyway.)



It is doubly important to have very strong reserves if you adopt aggressive conservation rates. That is because your rate revenues are extra sensitive to sales fluctuations, especially those high-volume sales. Your conservation rates may actually cause users to conserve in a big way. Or it just might rain a lot next year. Either way your sales volume and especially your sales receipts will go down and that could break your system unless you have sufficient reserves to weather the downturn. There are some Wall Street investment banking firms that did this very thing and we all know where that got us!

Following, in shaded text boxes, is the Minnesota Department of Natural Resources' (MDNR) guidance document on conservation rates. The document includes recitals of the law. The author's comments are included in unshaded text.

Please note: The author is not an attorney and these comments should not be taken as legal advice. For that you need to consult your attorney. The author is a rate analyst so these comments go to the practical and rate effects of the law and MDNR's guidance.

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Conservation Rates

Minnesota Statutes, section 103G.291, was amended in 2008 to include a requirement for public water suppliers serving more than 1,000 people to adopt a water rate structure that encourages conservation:

Minnesota Statutes, section 103G.291, subd. 4. Conservation rate structure required. (a) For the purposes of this section, "conservation rate structure" means a rate structure that encourages conservation and may include increasing block rates, seasonal rates, time of use rates, individualized goal rates, or excess use rates. The rate structure must consider each residential unit as an individual user in multiple-family dwellings.

(b) To encourage conservation, a public water supplier serving more than 1,000 people in the metropolitan area, as defined in section 473.121, subdivision 2, shall use a conservation rate structure by January 1, 2010. All remaining public water suppliers serving more than 1,000 people shall use a conservation rate structure by January 1, 2013.

This law will apply to systems serving over 1,000 people. Next January those in the Minneapolis/St. Paul metropolitan area must comply. Systems located elsewhere must comply in 2013. The law does not apply to smaller systems.

(c) A public water supplier without the proper measuring equipment to track the amount of water used by its users, as of the effective date of this act, is exempt from this subdivision and the conservation rate structure requirement under subdivision 3, paragraph (c).

If your system is unmetered, the law does not apply to you.

Having conservation rates alone will not satisfy your compliance responsibilities. You must also at least consider and use, as appropriate, other demand reduction measures. That might include educating the public in how to conserve water. In fact, you should show the public that you are not just trying to get more of their money by increasing rates. You should also educate them in how to use your service more conservatively. That education itself is a service that can bring value to the remaining years of their lives. There is a wise principle that flows through philosophies and religions in various sayings like this: "Give a man a fish, feed him for a day. Teach a man to fish, feed him for a lifetime." That principle applies here, too. You are not just in the water sales business. You are in the water education business, too.

All laws need enforcement triggers. It appears the enforcement triggers for the conservation rates law will be making a request to drill a new well or requesting an increase in your water appropriation. Do either of these and the State will require you to have approved conservation rates in place.

If you apply for a State sponsored grant or loan, get into compliance trouble or find some other way to get on the State's "radar screen," the author thinks you will be required to comply with this law as well.

Allowed Conservation Rates That are Practical for Most Systems

Examples of Conservation Rates:

Below are examples of rate structures that encourage conservation. Many variations and combinations of these examples are possible.

NOTE: Rate structures often include a service charge (base rate) and a volume based charge. Service charges may cover fixed costs (capital improvements) and the volume charge is often for operation and maintenance costs. Volume charges usually use units of 1,000 gallons or 100 cubic feet (748 gallons).

In addition, Minnesota Statutes, section 103G.291, was further amended to read:

Subd. 3. Water supply plans; demand reduction. (c) Public water suppliers serving more than 1,000 people must employ water use demand reduction measures, including a conservation rate structure, as defined in subdivision 4, paragraph (a), unless exempted under subdivision 4, paragraph (c), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized volume of appropriation. Demand reduction measures must include evaluation of conservation rate structures and a public education program that may include a toilet and showerhead retrofit program.

Public water suppliers serving more than 1,000 residents will need to adopt a conservation rate structure before requesting well construction approval for a public water supply well or before requesting an increase in permitted volume for their water appropriation permit.

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...statement that "Service charges may cover fixed costs (capital improvements)..." does not prevent the service charge, commonly also called a minimum charge, from covering other fixed costs, as well. For example, the costs of calculating and mailing bills are fixed. Most administration costs are fixed. Many other costs are fixed or are at least partially fixed.

For more coverage of this issue read Chapter 4 of the book, "How to Get Great Rates" available at <http://www.gettinggreatrates.com/>.



Increasing block rates encourage conservation all the time by all those affected by the higher rates. They are a blunt instrument in that they tag the high-end users all the time, not just during the peak water use season when you really need conservation the most.

Increasing Block Rates: Cost per unit increases as water use increases within specified "blocks" or volumes. The increase in cost between each block should be significant enough (25% or more and 50% between the last two steps) to encourage conservation.

Example: 0-6,000 gallons = \$2.50/1000 gallons.
 6,000-12,000 gallons = \$3.15/1000 gallons.
 12,000-24,000 gallons = \$4.00/1000 gallons.
 Above 24,000 gallons = \$6.00/1000 gallons.

To illustrate, consider these two types of users. The grocery store uses lots of water all the time. Thus, the grocery store raises the base flow of the system, not the peak flow. However, those folks in the Aspenwood Club subdivision who want to maintain a world-class lawn in the summertime – they are the real water conservation problem. They use lots of water during peak water use season. Turn them around and you've really made some progress.

On the up side, increasing block rates are simple to understand and fairly easy to calculate.

As to the percentages you should increase rates by and the number of blocks you should set up, there are some practical limits. If, for example, you set the first block at 1,000 gallons of use and the rate for that block at \$2.50, and you raise the rate 25 percent over the previous rate every 1,000 gallons, the resulting unit charge bills will come out as summarized in Table 1.

Now, you may not like those awful water wasters but you can't get away with charging them an average rate that is 42 times higher than the 1,000 gallon user.

A reasonable approach would be to set rates for blocks of about 5,000 to 10,000 gallons of use, depending upon how your ratepayers actually use water. Stop the increases by about

40,000 gallons of use/month for residential users, higher for large users like the industrial class. In this case using the same rate escalations shown above, except having each new rate take effect every 5,000 gallons, your rates would be as shown in Table 2.

TABLE 1

Use in Thousands	Unit Charge per 1000 Gallons	Total Bill for This Volume	Average Unit Charge for This Level of Use
1.0	\$2.50	\$2.50	\$2.50
5.0	\$6.10	\$20.52	\$4.10
10.0	\$18.63	\$83.13	\$8.31
15.0	\$56.84	\$274.22	\$18.28
20.0	\$173.47	\$857.36	\$42.87
25.0	\$529.40	\$2,636.98	\$105.48

With rate increases at every 5,000 gallons you will still pull revenue from a water waster at four times the average unit charge rate as compared to the 1,000 gallon user. That is still a pretty exorbitant rate and you probably can't get it passed but you are getting closer to the right ballpark.

For practical reasons you normally shouldn't have more than four rate blocks for each user class. Three is better. Each of those blocks should start at a natural break point in use. For example, you should find the average use of the "little old lady, widowed, retired, living alone on Social Security" in her Clapboard Village home. She probably uses about 2,000 gallons/month except in the summer when she's growing a garden and flowers. Then she still doesn't exceed 5,000 gallons/month. It is logical and defensible to set the first rate block from zero to perhaps 3,000 or 5,000 gallons/month to protect this user from exorbitant rates. After all, she is already conserving water and she really can't afford to pay much more.

TABLE 2

Use in Thousands	Unit Charge per 1000 Gallons	Total Bill for This Volume	Average Unit Charge for This Level of Use
1.0	\$2.50	\$2.50	\$2.50
5.0	\$3.13	\$17.54	\$3.51
10.0	\$4.88	\$44.94	\$4.49
15.0	\$7.63	\$87.76	\$5.85
20.0	\$11.92	\$154.67	\$7.73
25.0	\$18.63	\$259.21	\$10.37

The next natural rate block would take in the stereotypical family of four that uses 5,000 to 10,000 gallons/month unless they irrigate their lawn.

Then you set a usage block to capture the reasonable lawn irrigators.

Finally, you set a rate block to penalize the real water wasters.

A word of warning for setting conservation rates: Unless you do or get a comprehensive rate analysis done you can set rates all day long but you won't really have a clue about how the revenues will come in until you go live. That is no way to run a utility so get the analysis to reduce your risk of making a huge mistake. You can count on this. When the public sees that you are just shooting in the dark (without a rate analysis to base rates upon), they will hang you out to dry.

Seasonal Rates: The rate per unit increases in the summer to encourage the efficient use of water during peak demand periods caused by outdoor water uses. Seasonal rates can take the form of a surcharge added to the normal rate or a separate fee schedule for winter and summer periods.

Example: Surcharge method - \$1.00/1000 gallons is added on top of the regular fee schedule for all water use between May 1 and October 1.

This style of conservation rate is like the previous except that the escalating rates only apply during the heavy water use season. That is the summer in the north and the winter in some southern communities (like the Pinewood Links Club near Miami where the Aspenwood Club homeowners go to avoid your harsh winters). This structure gets at the heart of the problem for most communities.

Editor's Note: Now it is time to act and get your rates set properly. To learn how to do that we invite you to attend a rate setting workshop to be conducted by Mr. Brown and sponsored by Minnesota Rural Water Association on October 27, 2009, in St. Cloud. If you are an elected city, water district or sewer district official, or if you are the manager, finance director, clerk or you hold a similar position, you should attend. Visit www.mrwa.com to register.

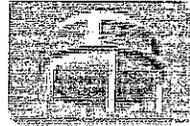
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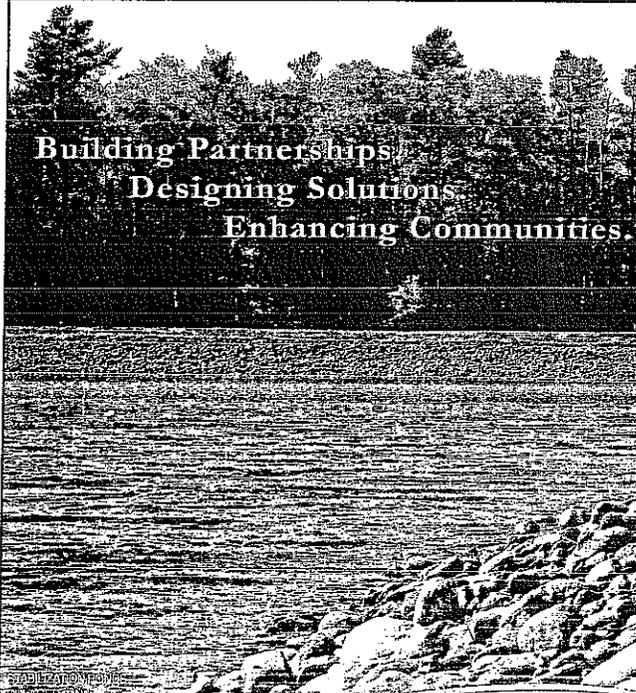




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