

Council Meeting
Tuesday, November 1, 2016
City Council Chambers

7:30 p.m.
AGENDA



Call to Order
Pledge of Allegiance

1. Approval of Minutes
 - Council Minutes–October 18, 2016
2. Consent Agenda
 - Minutes
 - Planning Commission – October 17, 2016
 - Utility Commission – October 26, 2016
 - Community Center Commission –October 24, 2016
3. Department Heads
4. Public Hearing – Business Subsidy – Prime Pork
5. Planning Commission – Variance and Conditional Use Permit – 2255 Willnor Drive
6. City General Fund Reserve Policy
7. EDA
 - Active Living Plan
 - Apartment Project
 - Workforce Housing Grant
 - Location Discussion
8. First Reading Ordinance No. 158 2nd Series – City Organizations
9. Resolution Ordering Preparation of Report on 2017 Street Improvement Project
10. Donations
 - Windom Ambulance – In Memory of Roland & Mable Hacker
 - Emergency Services Facility – Anonymous Donor
11. New Business
12. Old Business
 - Set Budget Workshop Meeting Date
13. Regular Bills
14. Contractor Payments
 - Water Tower Project – M K Painting – Pay Request #5 \$165,870.00
 - EMS Facility Site Work – Gosewisch Construction Inc. \$40,560.00
15. Council Concerns
16. Adjourn/Recess



**Regular Council Meeting
City Hall, Council Chamber
October 18, 2016
7:30 p.m.**

1. Call to Order:

The meeting was called to order by Mayor Pro Tem Dominic Jones at 7:30 p.m.

2. Roll Call: Mayor Pro Tem: Dominic Jones

Council Present: Brian Cooley and Bryan Joyce

Council Absent: Mayor Corey Maricle, Paul Johnson and JoAnn Ray

City Staff Present: Steve Nasby, City Administrator; Bruce Caldwell, Streets & Parks Superintendent; Brad Bussa, Community Center Director; Mike Haugen, Water\Wastewater Superintendent; Drew Hage, EDA Director; Andy Spielman, Building Official; Dan Ortmann, Fire Chief and Luke Landgraf, Police Department

3. Pledge of Allegiance

4. Approval of Minutes:

Motion by Joyce second by Cooley to approve the City Council minutes from October 3, 2016 and October 4, 2016. Motion carried 3 – 0 (Johnson and Ray absent).

5. Consent Agenda:

Jones noted the minutes from the following Boards and Commissions.

- Housing and Redevelopment Authority – September 7, 2016
- Economic Development Authority – October 10, 2016
- Library Board – October 11, 2016
- Utility Commission – October 12, 2016
- Park & Recreation Commission – September 14, 2016 and October 12, 2016
-

Motion by Joyce second by Cooley to approve the Consent agenda board and commission minutes. Motion carried 3 – 0 (Johnson and Ray absent).

6. Department Heads:

Brad Bussa, Community Center Director, said that the beer tasting festival and concert went well. About 300 people attended and he has gotten positive comments and ideas for next year. Bussa is still putting together the final numbers as invoices are coming in yet.

Joyce asked about holding the event indoors. Bussa said that the day was colder than was predicted and the concert was inside. Next year the date may be moved for better weather.

Preliminary

Drew Hage, EDA Executive Director, introduced Andy Spielman, Building Official. Spielman said that he started on October 10th and is looking forward to working for the City. He is a Westbrook native, lived in Windom 11 years and has a family.

7. 2017 Street Project:

Dan Van Schepen, DGR Engineers; Bruce Caldwell, Street Superintendent and Mike Haugen, Water/Wastewater Superintendent, introduced themselves. Van Schepen said that the proposed project includes a number of streets with work ranging from mill and over lay to complete reconstruction. Water, sewer and storm water issues will also be addressed as needed.

Caldwell said that the project was scaled back due to cost and complexities on the south 6th Avenue segment as there is shared ownership of the road and annexation issues.

Van Schepen gave a brief description of each segment and the work being proposed totaling \$3.089 million. He said the project will include assessments, as in the past, and steps such as a feasibility study and public hearing will be held. The goal is to bid the project in February.

Nasby noted the Street Committee and Utility Commission has reviewed this information and has moved action onto the City Council.

Cooley asked about the pavement depth on the streets. Van Schepen said the 46 soil borings showed between 1-4 inches of asphalt with a two inch average, which is not much. The proposal would put 4 inches on residential streets and 5-6 inches on heavy duty streets.

Haugen said the sanitary sewer replacement is taking out old, clay lines and the water line replacement is taking out four inch line or cast iron, which they are trying to eliminate.

Jones noted the street surface is asphalt with no concrete alternate. Caldwell said the asphalt is currently less expensive, but requires more maintenance. Due to the concrete issues with the last project this one is planned for asphalt.

Jones asked about driveway approaches. Van Schepen said that where the curbs are replaced the approaches would be removed and replaced about five feet behind the curb. If the curbs are not replaced the existing approaches would stay intact.

Jones asked about the assessment process. Van Schepen said that the next steps are to do the feasibility study and set the public hearing which may be in November.

Joyce asked about the City Hall parking lot and alley. Van Schepen replied that the cost of the alley would have some assessment. Caldwell added that the businesses have roof drains going into the alley and storm sewer so they should be responsible for some of the cost.

Jones said the City has an assessment formula. Nasby said the policy is for street costs based on the frontage of a property paying 50% and 25% for a side yard. Water and sewer would also have a separate connection assessment.

Jones noted the original project was much more expensive and asked what the cost for south 6th Avenue was estimated at. Van Schepen said that the cost for that segment was about \$3.6 million for a reconstruction.

Caldwell said S. 6th Avenue is a challenge as the City only has control over half the road for part of the segment and no control over the southern end and intersection with Highway 60. The City had met with Great Bend Township, but they were not interested in participating in the cost.

Cooley said with S. 6th Avenue being a former State highway he was surprised that the soil borings showed very little pavement and poor grade base.

Joyce clarified that the plan to pay for this 2017 Street project includes funds that become available after the 2003 Street project is paid off. Nasby said that is correct that much of the debt service needed will be covered as the 2003 Street project final payment is in 2019 and this project payment would start in 2019.

Motion by Cooley second by Joyce to approve the 2017 Street Project as proposed and directed DGR Engineering to complete a feasibility study. Motion carried 3 – 0 (Johnson and Ray absent).

8. Wastewater Department –Approve Bid for Schedule B:

Mike Haugen, Water\Wastewater Superintendent and Travis Winters, Bolton & Menk, said that this was part of the sewer work being done between Runnings and Prime Pork. The Schedule A work was the replacement of the main line and this Schedule B work is for a metering\sampling building, man hole and some service line.

Jones asked about the costs for Schedule B. Winters said these are to be paid by Prime Pork and the new Truck Wash as the items are needed for them. Both businesses have agreed to pay these costs. They will also pay for some excess capacity charges to allow for future increased flows. The City will have some increased capacity in the line as well to accommodate possible new developments.

Joyce asked if this cost to the businesses is consistent with policy. Winters said that it is as the businesses are the only ones that need to have the Schedule B work completed to operate.

Haugen said they are working on completing the Significant Industrial User Agreements with Prime Pork and Windom Wash LLC.

Winters said they are coordinating the creek crossing with the DNR.

Council member Joyce introduced the Resolution No. 2016-71, entitled “A RESOLUTION AWARDING THE CONTRACT FOR SCHEDULE B PORTION OF THE PROJECT ENTITLED SANITARY SEWER LINE REPLACEMENT PROJECT” moved its adoption. The resolution was seconded by Jones and on roll call vote: Yes: Cooley, Jones and Joyce. No: None. Absent: Johnson and Ray. Abstain: None. Resolution passed 3 - 0.

9. Cottonwood County Housing - Initiative Program:

Drew Hage, EDA Executive Director, said that the City, School District and County have been working on a possible housing tax abatement program. This program is modeled after the one in Nobles County. The program is proposing to provide tax abatement for new housing construction for a period of five years. The break-even point for the taxing jurisdictions on a typical home would be seven years and after that the tax revenue is increasing. There are no up-front costs so if nothing happens there is no risk to the City, County or School. This program is simply a delay of collecting taxes. Any homes built would be generating tax revenue for many, many years so the view of this is a large benefit long-term. One of the concerns is that this only helps new construction or high priced homes. If new homes are built this will help the community by attracting residents, supporting businesses by providing places for new employees to live, potential for move up opportunities for other families and address some of the need identified in the housing study. The housing study was done in 2014 before Prime Pork announced their plans and Fast Global expanded its hiring. So the need is greater than it was previously. Hage wants the program to be simple to explain and administer. The City Council and School Board have expressed a consensus of support and the County is discussing the program but has some program parameter items to resolve. He noted other cities in Cottonwood County are interested, but not Mt. Lake or Jeffers at this time.

Jones said he would like the Council to take action and lead. It is a positive move for the community and supports the business activities as there is a concern on housing availability.

Cooley said he too is supportive and agrees with taking action. This program will help us grow the city and creates opportunities for people.

Joyce said that the short-term tax abatement will provide a long-term gain with the tax base and the housing study clearly showed a need. House building has been slow and we have the jobs in our community so we need to urge building.

Council member Joyce introduced the Resolution No. 2016-72, entitled “RESOLUTION APPROVING GUIDELINES AND PARTICIPATION IN THE COTTONWOOD COUNTY HOME INITIATIVE PROGRAM” and moved its adoption. The resolution was seconded by Cooley and on roll call vote: Yes: Jones, Joyce and Cooley. No: None. Absent: Johnson and Ray. Abstain: None. Resolution passed 3 - 0.

10. Disposition of Surplus Equipment – Industrial Metal Racking:

Hage noted the EDA had been left some racking in the Spec Building from Toro. The City is offering the racking to City Departments and then asking for permission to sell the remaining items as it is not needed by the EDA nor a prospective tenant. The estimated value is over \$1,000 so sealed bids will be solicited according to the City Code. There are also some other miscellaneous items such as desks that may also be for sale. Hage noted that a couple of local parties are interested so they will be notified as well.

Jones asked if this is officially City property. Hage said he had a letter from Toro.

Joyce asked about the building repairs. Hage said the quote has been received and moving ahead.

Motion by Joyce second by Cooley to approve the declaration of surplus equipment as described and allow for the sale according to the City Code. Motion carried 3 – 0 (Johnson and Ray absent).

11. Personnel Committee:

Jones said that the Personnel Committee met and is recommending filling the Street Superintendent position as-is now with an agreement to whomever is hired that the City may yet consider re-organization. The Personnel Committee heard from staff about tasks and duties and had information from other communities regarding the maintenance of parks.

Joyce said he is okay with hiring a Street Superintendent and continuing to look at reorganization. He asked about the pay range. Nasby said the range is the same as the current position as the duties will remain the same. The Personnel Committee had a hard time with potentially lowering the pay range with the same duties expected. However, the new hire would likely be at the mid-point or lower quartile in pay so if an adjustment happens later the impact would be to lower the upper end of the range which should not impact the newly hired person.

Motion by Joyce second by Cooley to advertise for the Street Superintendent position. Motion carried 3 – 0 (Johnson and Ray absent).

12. Emergency Services Facility Update:

Dan Ortmann, Fire Chief, said that the pre-construction meeting was last week and the site crew is working on the underground utilities. A preliminary construction schedule is in the packet that shows the key tasks and completion dates. He showed a mock-up panel of the exterior showing the three different finishes on the panels, which should match what is in the surrounding area.

13. City General Fund Reserve Policy:

Jones said the existing policy called for 75-100% of reserves and the revised policy sets a 50% threshold. He would like to see the 35-50% range used as shown by State Auditor and League of Minnesota Cities. He asked what the various funds were for restricted, reserved and unassigned and what the policy references. How much is in the various categories and what is it used for.

Nasby said the City Council had requested a revision to the policy to fit the anticipated action and contribution of General Funds into the Emergency Services Facility. He acknowledged that this 50% threshold is at the top end of the guidance from the State Auditor and League of Minnesota Cities.

Joyce said that he is okay with having a cushion for the funds as projects come up. The Council gets criticized if it has not saved money for projects and the alternative is to always capitalize project expenses. Having a little money to put down on a project saves interest cost as well.

Preliminary

Jones said that he does not want to have taxes higher than what is needed. Nasby replied that he budget does not include a levy for reserves. The reserves are built over time through unanticipated revenue or savings from expenses coming in lower.

Cooley said that the reserve has been used to forward fund projects when the Council wanted to do a project and over other expenses. No buffer if the reserve is too low. He is okay with waiting until more of the Council members were present to give their opinions.

Joyce noted that a drop in the reserve policy from 75% to 30% is a big reduction from 2014 to 2016. He is okay with the 50% threshold.

Jones asked if the money to be transferred from the General Fund is needed now or if a decision can wait, or if the transfer can be done then the policy later. Nasby replied that the Council had indicated that it wanted to do the policy change before the transfer. The expenses are coming in soon for the Emergency Services Facility, but waiting to November 1 should not be a problem.

Motion by Cooley second by Joyce to table the adoption of the revised General Fund Reserve Policy to November 1, 2016. Motion carried 3 – 0 (Johnson and Ray absent).

14. New Business:

Jones said the City received a notice that the 8-pack New Vision elevator will be starting demolition on October 24 and would done by January 1. Businesses have been notified and there would be a street closure on 1st Avenue between 8th and 9th Streets.

15. Old Business:

Nasby said the proposed lease for the land under the Arena and for the cattle barn and part of the 4-H building had gone to the Fair Board. They had some revisions. The City Attorney made the changes and the revised lease was emailed to the City Council. He went over several key revisions. The City Council had given permission to execute the lease once it is finalized.

Justin Espenson said that a locker room project is being proposed and funded by the Hockey Association. They are asking the City for commitment to the Arena for ice-making sized to accommodate two ice sheets and concreting the one existing full-size rink. The lease is a step in the process and he thanked the City Council for that support. The locker room project is likely to be a spring project and they have it about 75% funded.

Jones thanked the Hockey Association for its help and partnership. He noted the Park and Recreation liaisons have shared the information as well.

Joyce noted the items for the City would be for the 2018 budget, but planning needs to be done this next year. The R-22 issue forces the City's hand in making the improvements as well.

Preliminary

16. Regular Bills:

Motion by Cooley second by Jones to approve the regular bills as presented. Motion carried 3 – 0 (Johnson and Ray absent).

17. Council Concerns:

Cooley said he is excited about the Arena project and partnership with the Hockey Association.

Joyce thanked the community for supporting the homecoming activities.

18. Adjournment:

Mayor Pro Tem Jones adjourned the meeting by unanimous consent at 9:15 pm.

Dominic Jones, Mayor Pro Tem

Attest: _____
Steve Nasby, City Administrator

**CITY OF WINDOM
PLANNING COMMISSION
MINUTES
OCTOBER 17, 2016**

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

2. Roll Call & Guest Introductions:

Planning Commission: Marilyn Wahl, Greg Pfeffer, Lorri Cole, Ben Derickson, Andy Harries, Ryan McNamara, and Kevin Rose. Absent: Brett Mattson and Council Liaison Maricle.

Also Present: Zoning Administrator Andy Spielman, Admin. Asst. Mary Hensen, Juhl Erickson, and Kelly Woizeschke.

3. Introduction of New Building & Zoning Official: Andy Spielman: Chairperson Wahl introduced Andy Spielman who began work with the City as the new Building & Zoning Official on October 10th. The Commissioners introduced themselves and welcomed Andy.

4. Approval of Minutes:

Motion by Commissioner McNamara, seconded by Commissioner Harries, to approve the Planning Commission Minutes for the meeting held on September 13, 2016. Motion carried 7-0.

5. Public Hearing – 7:05 P.M.: Zoning Application – Conditional Use Permit & Variance – 2255 Willnor Drive - (Applicants/Owners: Juhl & Angela Erickson): Chairperson Wahl opened the public hearing at 7:05 p.m. The Commissioners had received copies of the Application submitted by the Ericksons, updated notice of hearing, aerial photo of the property, and copies of City Code Sections 152.053, 152.054, and 152.327. The property is located in an R-1 Zoning District. Admin. Asst. Hensen advised that the public hearing concerns a Conditional Use Permit Application and Variance Application filed by Juhl and Angela Erickson regarding a proposed accessory/storage building they wish to construct on their property at 2255 Willnor Drive. (Chairperson Wahl and several other Commissioners had driven by the location to see the layout of the property and the proposed site of the new building.) The Ericksons own two adjoining lots. Lot 3 is the proposed location for the new building and has an area of 26,400 square feet. The total area of the two lots is 51,500 square feet. The Ericksons have an existing attached garage on Lot 4 with an area of 884 square feet. The proposed new accessory/storage building would be 36' wide X 40' deep for a total of 1,440 square feet.

In the City Code section covering "Accessory Structures in Residential Districts", Section 152.327 provides that for lots exceeding 20,000 square feet in area, the total floor area of any garage(s) and accessory buildings may not exceed 1,500 square feet except by conditional use permit. The total accessory space (existing and proposed) on the property would be 2,324 square feet. They are requesting a conditional use permit to allow them to have accessory (garage and storage) space of 824 square feet more than specified in the Code. City Code Section 152.327 also provides that the total floor area of any garage and accessory building may not exceed the ground coverage of the dwelling, less any attached garage, except by conditional use permit. The floor area of the attached garage and new accessory/storage building (2,324 square feet) would exceed the ground coverage of the dwelling (1,852 square feet) and would require a conditional use permit. They are requesting the conditional use permit to allow them to have accessory (garage and storage) space that exceeds the ground coverage of the dwelling on the property.

Mr. and Mrs. Erickson are requesting a variance concerning the height of the proposed accessory (storage) building. City Code Section 152.053 provides that the maximum building height for an accessory structure is 15 feet. The proposed height of the new accessory/storage building will be 25 feet. Mr. and Mrs. Erickson are requesting a variance of 10 feet on the building height.

City Code Section 152.053 provides that the front yard setback is 25 feet. There is a significant slope to this property and the proposed new accessory/storage building has a front yard setback of 18 feet. Mr. and Mrs. Erickson are also requesting a variance of 7 feet concerning the front yard setback for the proposed accessory building. The reason for the request is that the topography of the land would create practical difficulties for placement of a building further back on the lot.

Admin. Asst. Hensen advised that the proposed side yard and rear yard setbacks for the new accessory/storage building comply with all the requirements of the City Code. Hensen reported that one neighbor had come to the Building & Zoning Office to review the site plan regarding the location of the proposed accessory building and is present at the public hearing.

In response to questions from the Commissioners, Juhl Erickson advised that the excavator had come to the lot and placed the stakes for the proposed location of the new accessory building. Mr. Erickson said that the acting Building Official Steve Carson has recommended not putting the building back further than the 18 feet. There would be no driveway off the street and no entrance to the garage there. Mr. Erickson said that the reason for the requested height of the building is that they would like to construct a half-court basketball area and would include vaulted rafters in the building. He indicated that their plans are to utilize the building for a small gym now and storage later. The building would be cut into the hillside. Fill from the front side of the building would be placed on the backside of the building. At the present time, they are planning on using a Reeves building as his family has had Reeves buildings constructed on their properties in the past. Final arrangements concerning the building have not been made at this time. The Ericksons have no plans for a garage door on the front of the building because of the drop off. They would not be constructing a driveway from the street side. They may install a garage door on the southwest side of the building to allow for storage of lawn equipment and bikes, etc. They would like to order the building this year, but it depends on the weather and the frost.

Chairperson Wahl asked if anyone else from the audience wished to comment on the zoning application. Kelly Woizeschke was present at the meeting. He lives at 2215 Willnor Drive. He said that he felt the 18-foot setback was too close to the street because snow already collects on Willnor Drive in the winter in that area from the northwest wind. In response to a question from Mr. Woizeschke, Juhl Erickson indicated that the two white flags represent the front of the building. Zoning Administrator Spielman asked Mr. Woizeschke if he was concerned about how the snow would collect because of the building or not having enough room to move the snow off the street. Mr. Woizeschke said that the building would be that much closer to the road and snow piles up there now. Mr. Woizeschke said that he felt the building was too close to the street when you take into account the adjoining properties. Reference was made to the fact that the location of the proposed new building is actually set back further than the front of the Ericksons' house. The Commissioners suggested that the City already does clear the snow in that area. One Commissioner noted that there is an undeveloped circle area adjacent to Willnor Drive in that area and asked if snow was piled there. The Commissioner felt that there was not a lot of traffic on that road. The side that is 36 feet in length would face the street and the 40-foot side would run in an easterly-westerly direction.

Admin. Asst. Hensen read City Code Section 152.565(B) which sets forth requirements for the granting of a variance. This section references practical difficulties, as defined by state statute, in complying with the ordinance and the unique circumstances of the property that were not created by the landowner.

There being no further public testimony, Chairperson Wahl closed the public hearing and referred the matter to the Planning Commission for consideration at 7:26 p.m. After a brief discussion, the following action was taken.

Motion by Commissioner Derickson, seconded by Commissioner Pfeffer, and carried to recommend to the City Council the approval of the application, submitted by Juhl Erickson and Angela Erickson, requesting a conditional use permit to allow the construction of a 36' X 40' accessory/storage building on property situated in an R-1 District which (with the existing garage) will have 824 square feet more than provided in City Code and greater floor area than the ground coverage of the dwelling on the property; and further to approve a variance allowing a building height of 25 feet which is 10 feet more than provided in the City Code and a variance of 7 feet on the front yard setback to allow a front yard setback of 18 feet. Ericksons' property is located at 2255 Willnor Drive and is described as: Lots 3 and 4, Block 1 of Kountry Acres Subdivision to the City of Windom, Cottonwood County, Minnesota. (Parcel Nos. 25-454-0030 and 25-454-0040.)

Findings of Fact for Conditional Use Permit:

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

Findings of Fact for Variance:

1. As stated in the narrative herein.
2. The Landowners (Applicants) propose to use the property in a reasonable manner.
3. The Applicants have established that there are practical difficulties, as defined by state statute, in complying with the ordinance.
4. The unique circumstances of the property were not created by the Landowners.
5. The variance is in harmony with the general purposes and intent of this ordinance.
6. The variance is consistent with the comprehensive plan.
7. The variance will not alter the essential character of the locality.

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

Motion was declared carried 6-0 with Commissioner McNamara abstaining from the vote.

Chairperson Wahl advised that these recommendations will now come before the Windom City Council at its meeting on Tuesday evening, November 1, 2016; and the Council will make the final decision concerning this application.

6. Planning Commission Comments, Concerns, Suggestions: Commissioner Harries suggested that the Planning Commission consider review of City Code provisions that relate to storage buildings because of the number of conditional use permit applications to come before the Commission. The consensus of the Commissioners was to review these provisions as a winter project.
7. Adjourn: By consensus, Chairperson Wahl adjourned the meeting at 7:30 p.m.

Marilyn Wahl, Chairperson

Attest: _____

Mary Hensen, Admin. Asst.

UTILITY COMMISSION MINUTES
City Hall, Council Chamber
October 26, 2016

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

Members Present: Utility Commission Chairperson: Mike Schwalbach
Members Present: Tom Riordan
Member Absent: Glen Francis
City Council Liaison: Dominic Jones
Staff Present: Mike Haugen, Water/Wastewater Superintendent; Brent Brown, Electric Utility Manager, Glenn Lund, Wastewater Foreman, Chelsie Carlson, Finance Director;

APPROVE MINUTES

Motion by Riordan, seconded by Schwalbach, to approve the October 12, 2016 Utility Commission minutes. Motion carried 2 – 0.

WATER/WASTEWATER ITEMS

Windom Wash SIU

Kelly Yahnke presented draft SIU for Windom Wash. He noted Windom Wash share of capital cost of 92,348.36. The detail breakdown is in Table 2 of the agreement. The agreement schedules 50% of the capital cost to be paid at signing and the remaining balance over 5 annual payments with an interest rate of 4.5%. Yahnke also noted the section included in the agreement for testing tile line water. Windom Wash will sample tile line water on a quarterly basis. Monitoring parameters to be tested and reported quarterly are in table 3 of the agreement. Commission members asked about safeguards to prevent cross contamination. Haugen, Lund, and Yahnke will inquire and plan to do a walkthrough to make sure everything is setup correctly. There are still slight modifications to be made in the contract for rates and payment terms. The agreement will be reviewed by City Attorney and the final will come back to the Commission for approval.

Brown asked about completion timeline for sample station. Yahnke indicated the contractors will likely get an extension for the number of days between the contract award date and when the City Council approved Schedule B. Yahnke indicated he believes it should be completed by the end of the year.

Other Water/Waste Water Items

Yahnke mentioned he will have a pay request for M.K. Painting for water tower work. He indicated they are working on getting signoffs on overspray claims.

Mike Haugen reported inquiring by Brady Haugen about addition to his property. Haugen indicated it is easier to add a second service then to connect to the existing service. Brady would like to avoid paying two service connection fees and monthly customer charges. Mike will discuss with Brady only using one service line.

Mike Haugen reported Water and Sewer services are is ready for Emergency Services Building.

ELECTRIC ITEMS

Brown is working on draft agreement for Apprenticeship program. When it is completed he will present to Commission for review and approval before going to the Council

REGULAR BILLS

Motion by Riordan, seconded by Schwalbach, to approve regular bills. Motion carried 2-0.

OLD BUSINESS

Jones inquired regarding discussion with Council regarding Electric Fund transfer amount changes. It was noted from a previous meeting the Commission would like to have a discussion with the Council before any changes to the transfer are approved. The Commission voiced several concerns they would like to bring to Council. The timing and venue for the discussion was not finalized. Brown will gather some historical transfer information for the Council as well as future expenses for the Electric Fund. Jones will work with Council on future discussions with the Commission.

NEW BUSINESS

Haugen provided the Commission a memo recommending a step advance for Colton Dunse. The Commission is supportive but would like Haugen to submit request to Personnel Committee along with more supportive documentation including past performance reviews and details regarding Colton's experience.

Motion by Riordan, seconded by Schwalbach, to recommend Personnel Committee approve step advancement for Colton Dunse to Grade 7 Step 9. Motion carried 2-0.

The next Utility Commission meeting will be November 23rd at 10:00 a.m.

ADJOURN

Schwalbach adjourned the meeting at 11:40 a.m.

Mike Schwalbach, Chairperson

Attest: _____

Chelsie Carlson, Finance Director

Community Center Commission Minutes
Monday October 24, 2016

1. Call to Order: The meeting was called to order by Vice- President Mitch Voehl at 5:30 p.m.

2. Roll Call: President: Wayne Maras-Absent
CC Director: Brad Bussa
Commission Members: Linda Stuckenbroker-Absent
Kelly Woizeschke
Mitch Voehl
Lenny Thiner
Commission Liaisons: Brian Cooley-Absent
Bruce Caldwell-Absent
Paul Johnson-Absent
EDA Director: Drew Hage
Public:

3. Approval of Minutes:

Motion by Mitch Voehl, seconded by Kelly Woizeschke to approve the September 26, 2016 Community Center Commission Minutes. Motion carried 3-0

4. Additions to the agenda:

Nothing to Report

5. Correspondence Comments:

Positive Comments on Rental Survey

6. President's Report:

Nothing to Report

7. Director's Report:

a. WCC Director Bussa gave an update on "Ein Bier Bitte" and stated all went well except the weather. He was happy with the crowd that attended and learned a lot. Figures are not all in for final review. He would like to do it again maybe in September 2017. WCC Commission agreed and also heard good responses.

b. WCC Director Bussa discussed shortage of employees to prepare, disassemble, and work events. WCC Director Bussa stated it's hard for employees at this present time to even take days off let alone a vacation and also stated by the time seasonal part time help becomes familiar with WCC job procedures it is time for rehire. **Motion by Kelly Woizeschke, seconded by Mitch Voehl, WCC Commission would like the City of Windom, to add a part time union employee due to the increase of activity at the Community Center. Motion Carried 3-0.**

8. Resource Management:

Schedule of Events: Reviewed Schedule of Events

Income & Expense: Reviewed Income and Expense

9. Miscellaneous:

Presentation by EDA Director Drew Hage on potential use of Community Center property for multi family dwelling. After reviewing the proposed development location, we disagree with the parcel in question and would prefer review using the south edge of city property for this project. WCC Director Bussa stated that before voting on this he would like other Commission members views not present at meeting. WCC Director Bussa will call a special meeting on Monday October 31, 2016 at 5:30pm.

10. Open Forum:

Nothing to Report

11. Next Meeting:

Monday November 28, 2016 @ 5:30 pm

Adjourn:

Motion by Kelly Woizeschke, seconded by Mitch Voehl, to adjourn the meeting at 6:50 pm. Motion carried 3-0.

Wayne Maras, WCC President

Linda Stuckenbroker, WCC Secretary

Attest: _____

Brad Bussa, WCC Director

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

Notice is hereby given that the City Council of the City of Windom (the "City Council") will hold a public hearing, pursuant to Minnesota law, to consider awarding a business subsidy to Prime Pork, LLC ("Prime Pork") in the form of tax increment from Tax Increment Financing District No. 1-12 (TIF 1-12) and also in the form of a forgivable loan of Minnesota Investment Fund ("MIF") grant proceeds, pursuant to Minnesota Statutes Sections 116J.993 through 116J.995.

TIF 1-12 was established on May 2, 2000, and includes property identified as Parcel Nos. 25-159-0010 and 25-159-0011 which property is located at 2850 Highway 60 East in Windom. PM Beef Holdings, L.L.C. ("PM Beef") was the owner of this property at the time that TIF 1-12 was established and Prime Pork is the new owner of this real estate. PM Beef's interest in TIF 1-12 will be assigned to Prime Pork. Real estate taxes on the property will be paid by Prime Pork from which Prime Pork will receive tax increment from TIF 1-12 over a period of years based on prior eligible development costs, projected values of the new improvements, and property tax rates.

The City of Windom was awarded a MIF grant for a forgivable loan to Prime Pork in connection with Prime Pork's job creation efforts.

The granting of a business subsidy to Prime Pork in the form of TIF assistance and the proposed forgivable loan of MIF proceeds are in an amount greater than \$150,000 and are subject to business subsidy laws and require a public hearing. On October 4, 2016, the City Council called for a public hearing on this proposed business subsidy.

The public hearing will be held in the City Council Chambers at City Hall, 444 Ninth Street, Windom, Minnesota, on Tuesday, November 1, 2016, during the regular City Council Meeting which begins at 7:30 p.m.

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

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

Notice of Right to File Complaint. Pursuant to Minnesota Statutes Section 116J.994, Subd. 5(f), a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor of a business subsidy if the grantor fails to comply with Sections 116J.993 to 116J.995 of Minnesota Statutes, and that no action may be filed against the grantor of a business subsidy for the failure to comply unless a written complaint is filed.

BY ORDER OF THE WINDOM CITY COUNCIL
Steven Nasby, City Administrator
444 9th Street
P. O. Box 38
Windom, MN 56101
Phone: 507-831-6129

Published: October 19, 2016 (COTTONWOOD COUNTY CITIZEN)

RESOLUTION # 2016-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

CITY OF WINDOM

**RESOLUTION APPROVING BUSINESS SUBSIDY TO
PRIME PORK, LLC**

WHEREAS, in May of 2000, the City Council established Tax Increment Financing (TIF) District 1-12 covering real property and improvements (“Property”) owned by PM Beef Holdings, L.L.C. (“PM Beef”) located at 2850 Highway 60 East; and

WHEREAS, on September 6, 2002, the Economic Development Authority of Windom (“EDA”) (on behalf of the EDA and the CITY) entered into a Contract for Private Redevelopment (“Contract”) with PM Beef. This Contract and the attached Tax Increment Note (“Contract”) provided for annual tax increment payments to reimburse PM Beef for certain redevelopment costs for the Property with an anticipated final payment not later than February 1, 2028; and

WHEREAS, said Property has been sold to Prime Pork and PM Beef intends to assign its rights and obligations under the Contract to Prime Pork, and Prime Pork has agreed to accept such assignment; and

WHEREAS, on June 7, 2016, the City Council approved the submission of a Minnesota Investment Fund (“MIF”) Application to the Minnesota Department of Employment and Economic Development (“DEED”) on behalf of Prime Pork. On July 19, 2016, the City Council accepted the MIF grant award of \$1,000,000 for a forgivable loan from the City to Prime Pork based on job creation; and

WHEREAS, Prime Pork has requested assistance from the City through tax increment generated by TIF 1-12 and also a forgivable loan of MIF proceeds for the purchase of eligible equipment for the pork processing facility at 2850 Highway 60 East; and

WHEREAS, the granting of assistance through tax increment and a forgivable loan in an amount greater than \$150,000 is subject to business subsidy laws as set forth in Minnesota Statutes Sections 116J.993 through 116J.995, inclusive as amended; and

WHEREAS, pursuant to said statutes, notice of the public hearing was published and the City Council held a public hearing on November 1, 2016, concerning the proposed awarding of a business subsidy to Prime Pork in the form of tax increment from TIF 1-12 and a loan of MIF proceeds in the amount of \$1,000,000; and

WHEREAS, the City Council has considered all of the comments made at the public hearing and reviewed the proposed Business Subsidy Agreement and the proposed loan documents (specifically

the Loan Agreement, the Security Agreement, and Promissory Note concerning the loan of MIF proceeds) between the City of Windom and Prime Pork, LLC; and

WHEREAS, the City Council has determined that granting of the proposed business subsidy and approval of the proposed Business Subsidy Agreement and loan documents are in the best interests of the City of Windom and the citizens of Windom.

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

1. The primary public purposes sought to be accomplished through the granting of the business subsidy are encouraging the reuse of property that is currently underutilized, expanding the tax base of the City and State, facilitating a major employer's operations in the CITY, and to increase net jobs in the City.
2. The granting of a business subsidy to Prime Pork, LLC in the form of tax increment from TIF 1-12 and a forgivable loan of MIF proceeds in the amount of \$1,000,000 is hereby approved.
3. The assignment by PM Beef of its rights and obligations under the Contract for Private Redevelopment to Prime Pork, LLC is hereby approved.
4. The Business Subsidy Agreement between the City and Prime Pork, LLC is hereby approved and the Mayor and City Administrator are hereby authorized to execute said document on behalf of the City of Windom.
5. The Loan Agreement, the Security Agreement, and Promissory Note for the loan by the City of \$1,000,000 in MIF proceeds to Prime Pork, LLC are hereby approved and the Mayor and City Administrator are hereby authorized to execute said documents on behalf of the City of Windom and any other documents required for the granting of said business subsidy.

Adopted this 1st day of November, 2016.

Corey Maricle, Mayor

ATTEST: _____
Steven Nasby, City Administrator



City of Windom Staff Report

To: Mayor and Windom City Council
From: Drew Hage, EDA Executive Director
Council Meeting Date: November 1, 2016
Item Title/Subject: PUBLIC HEARING REGARDING BUSINESS SUBSIDY FOR PRIME PORK, LLC

Background:

Tax Increment Financing (TIF) District 1-12 covers real property and improvements located at 2850 Highway 60 East which were sold by PM Beef Holdings to Prime Pork, LLC. The Contract for Private Redevelopment between the EDA and PM Beef and the Tax Increment Note provided for annual tax increment payments to reimburse PM Beef for certain redevelopment costs for the Property with an anticipated final payment not later than February 1, 2028. PM Beef intends to assign its rights and obligations under that Contract to Prime Pork, and Prime Pork has agreed to accept such assignment.

Prime Pork has requested assistance from the City through tax increment generated by TIF 1-12 and also a forgivable loan of MIF proceeds for the purchase of eligible equipment for the pork processing facility at 2850 Highway 60 East.

In June, the City Council approved the submission of a Minnesota Investment Fund ("MIF") Application to the Minnesota Department of Employment and Economic Development ("DEED") on behalf of Prime Pork. On July 19, 2016, the City Council accepted the MIF grant award of \$1,000,000 for a forgivable loan from the City to Prime Pork based on job creation.

The granting of assistance through tax increment and a forgivable loan in an amount greater than \$150,000 is subject to business subsidy laws as set forth in Minnesota Statutes Sections 116J.993 through 116J.995 and requires a public hearing which is scheduled for November 1, 2016, before the City Council. The public hearing notice was published in the Citizen on October 19th as required.

A proposed Business Subsidy Agreement has been prepared by the EDA's TIF attorney, Robert Deike. This Agreement outlines the primary public purposes sought to be accomplished through the granting of the business subsidy and sets forth requirements.

Loan documents concerning the proposed loan of MIF proceeds in the amount of \$1,000,000 have been prepared by the Department of Employment and Economic Development ("DEED") and have been approved by representatives of Prime Pork, LLC.

Attached for your review are copies of the Loan Agreement (Minnesota Investment Fund), Security Agreement, and Promissory Note.

Also attached for your review is a proposed Resolution approving the business subsidy to Prime Pork and the required documents.

Should you have any questions concerning any of these documents, please do not hesitate to contact me. I also plan to be present for the public hearing on November 1st.

Requested Action:

Following the public hearing, please adopt the proposed Resolution which:

- 1) Approves the proposed business subsidy to Prime Pork of tax increment from TIF 1-12 and the forgivable loan of \$1,000,000 in MIF proceeds.
- 2) Approves the assignment by PM Beef of its rights and obligations under the Contract for Private Redevelopment to Prime Pork, LLC.
- 3) Approves the Business Subsidy Agreement and authorizes signatures by the Mayor and City Administrator.
- 4) Approves the Loan Agreement, the Security Agreement, and the Promissory Note for the \$1,000,000 MIF Loan from the City to Prime Pork and authorizes signatures by the Mayor and City Administrator on those documents.

Respectfully submitted,



Drew Hage, EDA Executive Director

DH:mah

Attachments

BUSINESS SUBSIDY AGREEMENT

THIS AGREEMENT, made on or as of the _____ day of _____, 2016, by and between the CITY OF WINDOM, MINNESOTA, a home rule charter city under the laws of the State of Minnesota, (hereinafter referred to as the "CITY"), and having its principal office at City Hall, 444 Ninth Street, Windom, Minnesota 56101; the ECONOMIC DEVELOPMENT AUTHORITY OF WINDOM, a government entity (municipal corporation) under the laws of the State of Minnesota, (hereinafter referred to as the "EDA") having its principal office at City Hall, 444 Ninth Street, Windom, Minnesota 56101; and PRIME PORK, LLC, a Minnesota limited liability company, (hereinafter referred to as "PRIME PORK") whose registered office is 1725 Roe Crest Drive, North Mankato, Minnesota 56003, and whose local plant address is 2850 Highway 60 East, Windom, Minnesota 56101.

WITNESSETH:

WHEREAS, in May of 2000, the City Council established Tax Increment Financing (TIF) District 1-12 covering real property and improvements ("Property") owned by PM Beef Holdings, L.L.C. ("PM Beef") located at 2850 Highway 60 East; and

WHEREAS, on September 6, 2002, the Economic Development Authority of Windom ("EDA") (on behalf of the EDA and the CITY) entered into a Contract for Private Redevelopment ("Contract") with PM Beef. This Contract and the attached Tax Increment Note ("Contract") provided for annual tax increment payments to PM Beef to reimburse PM Beef for certain costs incurred by PM Beef in connection with the redevelopment of the Property with an anticipated final payment not later than February 1, 2028; and

WHEREAS, said property has been sold to PRIME PORK and PM Beef intends to assign its rights and obligations under the Contract to PRIME PORK and PRIME PORK has agreed to accept such assignment; and

WHEREAS, on June 7, 2016, the City Council approved the submission of a Minnesota Investment Fund ("MIF") Application to the Minnesota Department of Employment and Economic Development ("DEED") on behalf of PRIME PORK. On July 19, 2016, the City Council accepted the MIF grant award of \$1,000,000 for a forgivable loan from the CITY to PRIME PORK based on job creation; and

WHEREAS, the CITY proposes to provide a business subsidy to PRIME PORK by (1) consenting, on behalf of the CITY and the EDA, to the assignment by PM Beef to PRIME PORK of PM Beef's rights to receive payments under the Contract, including under the Note as defined in the Contract, and (2) also a loan by the CITY of MIF proceeds in the amount of \$1,000,000, for the purchase of eligible equipment, which loan shall be forgivable if PRIME PORK complies with the requirements of said loan as set forth in the Loan Documents as defined herein; and

WHEREAS, Minnesota Statutes, Sections 116J.993 to 116J.995, provides that a government agency that provides financial assistance for certain purposes must enter into a business subsidy agreement setting forth goals to be met and the financial obligations of the recipient of the assistance if the goals are not met.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

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

“Act” means Minnesota Statutes, Sections 116J.993-.995.

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

“Benefit” means one or more of the following non-mandated compensation items paid by PRIME PORK on behalf of employees: health, dental, life and disability insurance, retirement program or profit-sharing.

“City” means the City of Windom, Minnesota.

“Benefit Date” means the earlier of the date that PRIME PORK first occupies the property and is processing hogs or December 31, 2016.

“Contract” means the Contract for Private Redevelopment between the EDA and PM Beef dated as of September 6, 2002, and the accompanying tax increment note between the parties. Said documents are incorporated herein and made a part hereof by reference.

“DEED” means the Minnesota Department of Employment and Economic Development.

“Improvements” means the construction activities that PM Beef undertook pursuant to the Contract.

“Loan Documents” means the loan documents associated with the Minnesota Investment Fund grant to the CITY and subsequent proposed loan by the CITY to PRIME PORK and includes the Loan Agreement Minnesota Investment Fund, Security Agreement, and Promissory Note to be entered into between the CITY and PRIME PORK upon approval of the proposed business subsidy. Said documents are incorporated herein and made a part hereof by reference.

“Property” means the real property and improvements described as such in the Contract.

“State” means the State of Minnesota.

“Subsidy” means the sum of all payments made by the CITY to PRIME PORK under the Contract and the Note, as defined therein. The MIF Loan also constitutes a business subsidy under State law, but the business subsidy agreement for that subsidy is contained in the Loan Documents.

ARTICLE II

Job and Wage Goals; Required Provisions

Section 2.1 Employment and Wage Requirements. The CITY held a public hearing on the granting of the Subsidy. Following such hearing, the CITY has determined that PRIME PORK shall be required to create at least two hundred fifty (250) new jobs at the Property by December 31, 2018; and further that the new jobs must pay a base cash wage of at least \$12.00 per hour (exclusive of Benefits) plus a Benefit package sufficient for these new jobs at a value of at least \$3.00 per hour.

Section 2.2 Reports. PRIME PORK agrees that it will provide to the CITY and any other authorized agency all reports required by the Act. Such reports shall be submitted at the times required by the Act. Specifically, PRIME PORK must submit to the CITY a written report regarding business subsidy goals and results by no later than February 1 of each year, commencing February 1, 2017, and continuing until the later of (i) the date the goals stated in Section 2.1 are met; (ii) 30 days after expiration of the five-year period described in Section 2.3; or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.2. The report must comply with Section 116J.994, Subdivision 7, of the Business Subsidy Act. The CITY will provide information to PRIME PORK regarding the required forms. If PRIME PORK fails to timely file any report required under this Section, the City will mail PRIME PORK a notice within one week after the required filing date. If, after 14 days of the postmarked date of the notice, PRIME PORK fails to provide a report, PRIME PORK must pay to the CITY a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 2.3 Continuing Operation. PRIME PORK agrees that it will continuously operate or cause to be continuously operated the property as a pork processing facility for a period of at least five (5) years from the Benefit Date.

Section 2.4 Required Provisions. The following provisions are required by the Act:

(a) By providing the Subsidy to PRIME PORK, the CITY is seeking to accomplish the public purposes of encouraging the reuse of property that is currently underutilized, expanding the tax base of the CITY and State, facilitating a major employer’s operations in the CITY, and to increase net jobs in the CITY.

(b) The CITY has determined that the Subsidy is necessary because the cost of equipment makes the project economically infeasible without the provision of the Subsidy.

(c) PRIME PORK's parent corporation is Taylor Holding Company LLC having an address of 1725 Roe Crest Drive, North Mankato, Minnesota 56003.

(d) The following is a list of all financial assistance from all other state or local government agencies: None.

~~(e) The Subsidy is being provided using tax increment from the CITY's Tax Increment Financing District 1-12 (a redevelopment tax increment district) and a loan of MIF proceeds in the amount of \$1,000,000.~~

(f) Other compliance requirements including, but not limited to, Minnesota Pollution Control Agency (MPCA) permits and CITY's pretreatment agreements, are set forth in the Loan Documents and govern the CITY's loan of MIF proceeds to PRIME PORK.

ARTICLE III

Default

Section 3.1. Defaults Defined. It shall be a default under this Agreement if PRIME PORK fails to comply with any term or provision of this Agreement, and fails to cure such failure within thirty (30) days' written notice to PRIME PORK of the default, but only if the default has not been cured within said thirty (30) days.

Section 3.2. Remedies on Default. The parties agree that the Subsidy is a forgivable loan, repayable only if PRIME PORK fails to fulfill its obligations under the terms set forth in this Agreement. If the PRIME PORK fails to meet the goals described in Section 2.1 or 2.3, PRIME PORK shall pay to the CITY within ten (10) days' written demand from the CITY: (1) a "pro rata share" of the Subsidy provided to the PRIME PORK; and (2) interest on such amount at the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the bureau of economic analysis of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year in which the payment from PRIME PORK is due accrued from the Benefit Date to the date PRIME PORK makes the payment to the CITY required by this Section 3.2. The term "pro rata share" means percentages calculated as follows:

(i) if the failure relates to the number of jobs: the jobs required less the jobs created, divided by the jobs required;

(ii) if the failure relates to wages: the number of jobs required less the number of jobs that meet the required wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the pork processing facility in accordance with Section 2.3: 60 less the number of months of operation as a pork processing facility (where any month in which the pork processing facility is in operation for at least 15

days constitutes a month of operation), commencing on the Benefit Date and ending with the date the pork processing facility ceases operation as determined by the CITY, divided by 60; and

(iv) if more than one of Sections 3.2 (i) through (iii) apply: the sum of the applicable percentages, not to exceed 100%.

The repayment obligations contained in Section 3.2 of this Agreement relate to the tax increment from TIF 1-12 to be paid by the CITY to PRIME PORK and are in addition to the repayment obligations related to the MIF Loan, which are contained in the business subsidy provisions set forth in the Loan Documents.

Section 3.3 Costs of Enforcement. Whenever any default occurs under this Agreement and the CITY shall employ attorneys or incur other expenses for the collection of payments due or for the enforcement of performance or observance of any obligation or agreement on the part of PRIME PORK under this Agreement, PRIME PORK shall be liable to the CITY for the reasonable fees of such attorneys and such other expenses so incurred by the CITY.

ARTICLE IV

Miscellaneous

Section 4.1. Provisions of Agreement Not Affected. This Agreement is not intended to modify or limit in any way the terms of the Contract concerning the TIF portion of the Subsidy or the Loan Documents concerning the MIF portion of the Subsidy.

Section 4.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 4.3. Modifications. This Agreement may be modified solely through written amendments hereto executed by PRIME PORK and the CITY.

Section 4.4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 4.5. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the Court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof. The CITY and PRIME PORK agree that this Agreement is intended to satisfy the requirements of the Act, which is incorporated herein and made a part hereof

by reference. In the event that any provision of this Agreement conflicts with the terms of the Act, the terms of the Act shall govern.

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

CITY OF WINDOM, MINNESOTA

By _____
Corey Maricle, Mayor

By _____
Steven Nasby, City Administrator

**ECONOMIC DEVELOPMENT AUTHORITY
OF WINDOM**

By _____
Justin Espenson, President

By _____
Rick Clerc, Secretary

PRIME PORK, LLC

By _____
Glen A. Taylor, Chief Manager

**LOAN AGREEMENT
MINNESOTA INVESTMENT FUND**

THIS AGREEMENT is made and entered into as the 30th day of September, 2016 by and between the City of Windom (the "Lender") and Prime Pork, LLC the "Borrower");

Recitals

1. The Lender has applied to the Minnesota Department of Employment and Economic Development for a Minnesota Investment Fund Grant (the "MIF Grant") pursuant to an application (the "Grant Application") and received approval for the grant; and
2. Grant Contract Number CDAP-16-0016-H-FY16 (the "Grant Contract") between the Minnesota Department of Employment and Economic Development (the "State") and the Lender has been executed and requires that the Borrower provide sufficient funds to complete financing and agree to loan terms with the Lender regarding the MIF Grant; and
3. The parties hereto agree to incorporate into this Loan Agreement by reference the Grant Application and Grant Contract; and
4. Borrower and Lender wish to set forth the terms and conditions upon which Lender will make the Loan to Borrower and for the repayment thereof.

NOW THEREFORE, it is agreed by and between the parties hereto as follows:

**ARTICLE 1
Definitions**

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

"Bank" means the financing to be provided by Glen Taylor.

"Benefit Date" means the earlier of: (i) the date the property is occupied and processing hogs; or (ii) December 31, 2016.

"Benefit" is defined as one or more of the following non-mandated compensation items paid by the Borrower on behalf of employees: health, dental, life and disability insurance, retirement program or profit-sharing.

"City" means City of Windom.

"County" means Cottonwood County.

"Compliance Date" means the date that is two (2) years after the Benefit Date.

"Development Property" means the real property described in Exhibit A attached (MIF funds used to purchase equipment).

"Equipment" means the equipment purchased by the Borrower with the Loan Proceeds and described in Exhibit B attached.

"Expiration Date" means the three months after the Compliance Date.

"Full-Time Equivalent (FTE)" is one or more people working a sum of 2,080 hours in a calendar year.

"Grant Application" means the Minnesota Investment Fund Application attached as Exhibit A.

"Grant Contract" means Minnesota Department of Employment and Economic Development Grant Contract # CDAP-16-0016-H-FY16 and attached as Exhibit B.

"Initial Disbursement Date" means the date of the first disbursement of any loan proceeds by the Lender to the Borrower.

"Jurisdiction" means within the corporate boundaries of the Lender.

"Loan" means the funds loaned by the Lender to the Borrower pursuant to this Loan Agreement.

"Loan Proceeds" means the funds disbursed to the Borrower pursuant to this Loan Agreement and any proceeds thereof.

"MIF" means the Minnesota Investment Fund, Minn. Stat. § 116J.8731 and Minn. Rules Chapter 4300.

"MIF Grant" means the award of funds by the State to the Lender pursuant to the Grant Contract.

"New Jobs" means the new permanent, full time equivalent, non-contract, non-seasonal jobs to be created by the Borrower.

"Project" means the Borrower's acquisition of the PM Beef Windom facility, renovation of the existing building and the installation of machinery and equipment for the purpose of building a state-of-the art hog processing facility.

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

"Termination Date" means the date of the final payment made by the Borrower to the Lender.

ARTICLE 2

Loan, Use of Proceeds and Conditions of Repayment

Section 2.1. MIF Loan/Funds. The Lender agrees, on the terms and subject to the conditions hereinafter set forth, to make a loan to the Borrower in an aggregate principal amount not to exceed \$1,000,000.00 for the acquisition of equipment. The obligation of the Borrower to repay the Loan shall be evidenced by the Promissory Note. The Borrower's obligations under this Loan Agreement are expressly contingent on the Lender's receipt of funds from the State in an amount adequate to make the Loan.

Section 2.2. Non-MIF (Other) Project Funds. The Borrower has secured a commitment for the private financing necessary to complete the Project, in a form and under conditions satisfactory to the Bank, Borrower and Lender.

(a) The Borrower shall commit not less than \$38,000,000.00 of equity and/or Bank financing for the completion of the Project.

(b) Other Project Funds described in the Grant Application must be used at the same amount, for the same purposes and under the same terms, rates and conditions as specified unless written consent is received from the State prior to expenditure.

Section 2.3. Loan Terms. FORGIVABLE LOAN: The Loan shall be forgiven by the Lender and the State upon satisfaction by the Borrower of the terms of this Loan Agreement. In the event the Loan is not forgiven, the Loan shall be repayable as set forth in Section 8.2 of this Loan Agreement. The Loan terms may not be modified without prior written approval from the State.

Section 2.4. Early Repayment. The Promissory Note may be prepaid in whole or in part at any time without penalty. A prepayment shall first be applied against any accrued interest, and then against any outstanding and past due payments which are due and owing hereunder or under the Loan Agreement, and then the remaining portion of such prepayment shall be applied against the remaining outstanding and unpaid principal balance.

Section 2.5. Maintenance and Operation of the Project. As long as any portion of the Loan is still outstanding, Borrower shall maintain and operate the Project and use the proceeds of the Loan in compliance with the terms of the Act, this Loan Agreement, and all applicable federal, state and local laws, regulations and ordinances, including but not limited to all environmental laws and regulations.

Article 3 Conditions of Lending

Section 3.1. Condition Precedent to Any Advance. The obligation of the Lender to close the Loan and disburse the proceeds thereof to Borrower shall, subject to waiver by DEED, be subject to the condition precedent that the Lender shall have received on or before the date of such closing the Promissory Note duly executed by the Borrower.

Section 3.2. Further Conditions Precedent to Disbursement. The obligation of the Lender to disburse the proceeds of the Loan shall also be subject to the following conditions precedent:

(a) The Loan which is being made to the Borrower shall be consistent with the provisions of the Program.

(b) No Event of Default hereunder or event which would constitute such an Event of Default but for the requirement that notice be given or that a period of grace or time elapse, shall have occurred and be continuing.

Section 3.3. Disbursement and Deposit of Loan Proceeds. Upon the execution of this Loan Agreement and the satisfaction of all of the conditions specified in Section 6, the Lender shall disburse the full proceeds of the Loan to the Borrower.

Section 3.4. Termination. This Loan Agreement shall automatically terminate without any notice to Borrower:

(a) If no loan proceeds have been disbursed to the Borrower prior to the Compliance Date; or

(b) If the Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within sixty (60) days after its commencement or convert the case from one chapter of the Federal Bankruptcy Code to another chapter, or is the subject of an order for relief in such bankruptcy case, or is adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for it, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within sixty (60) days of the appointment.

ARTICLE 4

Acknowledgments, Representations, and Warranties

Section 4.1. Acknowledgments.

(a) The Borrower acknowledges that the Lender, in order to obtain funds for part of the Borrower's activities in connection with the Project, has applied for the MIF Grant to the State under the Minnesota Investment Fund Program, Economic Development Division, and that the Lender has entered into the Grant Contract with the State, setting forth the terms, conditions, and requirements of the MIF Grant. The Borrower further acknowledges that it has made certain representations and statements in the Grant Application concerning its activities relating to the

Project, and that the Borrower is designated and identified under the Grant Contract.

(b) A copy of the Grant Contract and this Loan Agreement shall be on file in the offices of the Lender. In the event any provision of this Loan Agreement relating to the Borrower's obligations hereunder is inconsistent with the provisions of the Grant Contract relating to the Borrower's activities there under, the provisions of the Grant Contract shall prevail.

(c) The Borrower acknowledges that nothing contained in the Grant Contract or this Loan Agreement, nor any act of the State or the Lender, shall be deemed or construed to create between the State and the Borrower (or, except as Borrower and Lender between the Lender and the Borrower) any relationship, including but not limited to that of third party beneficiary, principal and agent, limited or general partnership, or joint venture. As such, the Borrower agrees to hold the state harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Loan Agreement, any events related to the Project or the Borrower's participation in this Loan, or Borrower's activities on the Development Property.

Section 4.2. Representations and Warranties. The Borrower warrants and represents, in connection with the Loan and for the benefit of the State and the Lender, that:

(a) It is a Minnesota business entity organization, registered and in good standing under the laws of the State of Minnesota, and is authorized to enter into this Loan Agreement and perform any of the acts required herein.

(b) It has the legal authority and is duly authorized to operate the Project, to ensure the indebtedness of the Promissory Note and the obligations of this Loan Agreement, to execute and deliver this Loan Agreement, Promissory Note and all other documents referred to herein to which it is a party and it has taken all actions necessary and incident to its execution and delivery of this Loan Agreement and other related documents.

(c) Its execution and delivery of this Loan Agreement, the Promissory Note, and all other documents referred to herein to which it is a party, and its incurrence of the loan and obligations evidenced by the Promissory Note, this Loan Agreement, and such other documents, does not violate any provision of law or Borrower's corporate documents.

(d) The Promissory Note was duly and validly authorized, executed and delivered, and it constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms. This Loan Agreement and all other documents referred to herein to which it is a party, have been duly and validly authorized, executed and delivered, and are the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency or other law affecting creditor's rights, or the application of equitable principles generally.

(e) It is not in violation of any provisions of its organizational documents or of the laws

of local governments, State of Minnesota or U.S. Government, and there are no actions, suits or proceedings pending, or to its knowledge threatened, before or by any judicial body or governmental authority, against or effecting it, and it is not in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority which would impair its ability to enter into this Loan Agreement or to perform any of the acts required of it in this Loan Agreement or any document referred to herein to which it is a party.

(f) Neither the execution and delivery of this Loan Agreement, the Promissory Note, or any document referred to herein to which it is a party, nor compliance with any of the terms, conditions, requirements or provisions contained herein or in such referenced documents, is prevented by, is a breach of, or will result in a breach of any term, condition or provision of any agreement or document to which it is now a party or by which it is bound.

(g) It will maintain adequate capital for the proper operation and administration of its duties under this Loan Agreement.

(h) It will comply with Minn. Stat. § 116J.8731 and Minn. Rules Chapter 4300 and all of the terms, conditions, provisions and requirements, contained in this Loan Agreement, the Promissory Note, and all documents referred to herein to which it is a party.

(i) Representations, statements, and other matters provided by the Borrower relating to those activities of the Project to be completed by the Borrower, which were contained in the Grant Application, were true and complete in all material respects as of the date of submission to the Lender and that such representations, statements, and other matters are true as of the date of this Loan Agreement and that there are no adverse material changes in the financial condition of the Borrower's business.

(j) The Borrower acknowledges that the State, in selecting the Lender as recipient of the Grant, relied in material part upon the assured completion of the Project to be carried out by the Borrower, and the Borrower warrants that said Project will be carried out as promised.

(k) The Borrower warrants that to the best of its knowledge, it has obtained or will obtain all federal, state, and local governmental approvals, reviews, and permits required by law to be obtained in connection with the Project and has undertaken and completed all actions necessary for it to lawfully execute this Loan Agreement as binding upon it.

(l) The Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the Other Project Funds, and that any duly authorized representative of the State shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of the Borrower for six years after the expiration of the Loan Agreement or until such time that the Lender and the State have both determined that all issues, requirements, and close-out procedures relating to or arising out of the Loan have been settled and completed, whichever is later.

(m) The Borrower warrants that no transfer of any or all of the Loan Proceeds by the

Lender to the Borrower shall be or be deemed an assignment of loan proceeds, and the Borrower shall neither succeed to any rights, benefits, or advantages of the Lender under the Grant Contract, nor attain any right, privileges, authorities, or interest in or under the Grant Contract.

Section 4.3. Affirmative Covenants. Borrower further warrants and agrees that:

(a) It has sufficient funds to complete the purposes of the Project and sufficient capacity to administer the Project.

(b) The Project will be performed in full compliance with all applicable federal, state and local laws, regulations, rules and ordinances, which include but are not limited to all applicable environmental laws, regulations and rules.

(c) As long as any portion of the Loan is outstanding, Borrower agrees to submit reports required in Article 7 and Article 8.

ARTICLE 5

Events of Default and Rights and Remedies

Section 5.1. Events of Default. Any one or more of the following events shall be deemed and shall constitute an "Event of Default":

(a) The interest or principal due under the Promissory Note, or any other payments due and payable under this Loan Agreement or any other document referred to herein, are not paid when due and such nonpayment is not remedied within ten (10) business days after written notice thereof to the Borrower by the Lender;

(b) The Borrower is in breach of any of the requirements, terms, conditions, covenants or other agreements in this Loan Agreement, Promissory Note or other document referred to herein and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach in reasonable period of time;

(c) Any representation or warranty made by the Borrower in this Loan Agreement, the Promissory Note, any other document referred to in such documents, or any financial statement, certificate, or report furnished pursuant to this Loan Agreement, or any representation or warranty made order to induce the Lender to close the Loan or disburse the proceeds of the Loan, which proves to have been untrue in any material respect or materially misleading as of the time such representation or warranty was made;

(d) Borrower shall make an assignment for the benefit of its creditors, or shall be dissolved, or shall commit an act of bankruptcy under the United States Bankruptcy Act (as now

or hereafter amended), or shall admit in writing its inability to pay its debts as they become due, or shall file a petition in bankruptcy, or shall become or be adjudicated as bankrupt or insolvent, however defined, or shall file a petition seeking any reorganization, dissolution, liquidation, arrangement, composition, readjustment or similar relief under any present or future bankruptcy or insolvency statute, law or regulation, or shall file an answer admitting to or not contesting the material allegations of a petition filed against it in such proceedings, or shall not, within 60 days after the filing of such a petition against it, have the same dismissed or vacated, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of a material part of its properties, or shall not, within 60 days after the appointment (without its consent or acquiescence) of a trustee, receiver or liquidator of any material part of its properties, have such appointment vacated;

(e) A court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Borrower seeking any reorganization, dissolution or similar relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or any trustee, receiver or liquidator of such entity, shall be appointed without the consent or acquiescence of DEED;

(f) Borrower shall refuse to allow DEED, the Minnesota Legislative Auditor or the State Auditor for the State of Minnesota at any reasonable time and upon prior written notice, to inspect, audit, copy or abstract, any and all of its books, records, papers or other documents relevant to the Borrower's use of the proceeds of the Loan;

(g) Borrower shall fail to provide annual reporting information as described herein;

(h) The Borrower sells, conveys, transfers, encumbers, or otherwise disposes of all or any part of the Development Property or the Equipment without the prior written approval of the State and Lender;

(i) The Borrower merges or consolidates with any other entity without the prior written approval of the Lender;

(j) There is a loss, theft, substantial damage, or destruction of all or any part of the Development Property or the Equipment that is not remedied to the Lender's satisfaction within sixty (60) business days after written notice thereof by the Lender to the Borrower;

(k) The Borrower is in breach of the requirements of Article 7 and Article 8, the Business Subsidy Agreement and Progress Reporting and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach in reasonable period of time;

- (l) The occurrence of any other act or event that is noncompliant under the Program and remains in breach in any material respect for thirty (30) business days after written notice thereof to the Borrower by the Lender; provided, however, that if such breach shall reasonably be incapable of being cured within such thirty (30) business days after notice, and if the Borrower commences and diligently prosecutes the appropriate steps to cure such breach, no default shall exist so long as the Borrower is proceeding to cure such breach within 120 days of written notice.

Section 5.2. Rights and Remedies. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender, the Lender may, at its option, exercise any and all of the following rights and remedies (as well as any other rights and remedies available to it) provided, however, that Lender shall not be entitled to duplicative recoveries for the same claim:

(a) The Lender may, by notice in writing to the Borrower, refrain from disbursing any of the proceeds of the Loan; provided, however, the Lender may make such disbursements after the occurrence of an Event of Default without thereby waiving its rights and remedies hereunder, or waiving its right to make any additional disbursements.

(b) The Lender may, by written notice to the Borrower, declare immediately due and payable all principal and interest due under the Promissory Note, together with all other sums payable under this Loan Agreement, the Promissory Note and the same shall thereupon be immediately due and payable without presentment or other demand, protest, notice of dishonor or any other notice of any kind, all of which are hereby expressly waived.

(c) The Lender shall have the right, in addition to any other rights provided by law or equity, to enforce its rights and remedies under this Loan Agreement and the Promissory Note, or any other document referred to herein.

(d) The Lender shall have the right, in addition to any other rights provided by law or equity, to initiate litigation for the breach of any term, condition, covenant, requirement or provision contained in this Loan Agreement, the Promissory Note, or any document referred to herein, and to recover damages for such breach.

(e) The Lender shall have the right, in addition to any other rights provided by law or equity, to apply to any court, state or federal, for specific performance of any term, condition, covenant, requirement or provision contained in this Loan Agreement, the Promissory Note, or any other document referred to herein; for an injunction against any violation of any such term, condition, covenant, requirement and/or provision; or for such other relief as may be appropriate, since the injury to the Lender arising from a default under any of the terms, conditions, covenants requirements and/or provisions of this Loan Agreement, the Promissory Note or any other document referred to herein, would be irreparable and the amount of damage would be difficult to ascertain.

Section 5.3. Rights and Remedies Cumulative. The rights and remedies of the parties to this Loan Agreement, whether provided by operation of law or by this Loan Agreement, shall be cumulative, and the exercise by either party of any one or more of such remedies shall not be construed to preclude or waive its right to exercise, at the same or different times, any of the other such remedies for the same default or breach, or of any of its remedies for any other default or breach by the other party.

No waiver made by either such party with respect to the performance, manner or time thereof, of any obligation of the other party or any condition to its own obligation under this Loan Agreement or any document referred to herein, shall be considered a waiver of any rights of the party making the waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived in writing and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party. No delay or failure by either party to exercise any right or remedy shall be a waiver of such right or remedy, and no single or partial exercise by either party of any right or remedy shall preclude other or further exercise thereof for the exercise of any other right or remedy at any other time.

Section 5.4. Collection. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees to pay all costs and expenses of the Lender, including, but not limited to, reasonable attorney's fees, in the collection of any of the obligations or the enforcement of any of the Lender's rights. If any notice of sale, disposition or other intended action by the Lender is required by law to be given to Borrower, such notice shall be deemed reasonably and properly given if mailed to Borrower at the address specified in Section 9.14, or at such other address of Borrower as may be shown on the Lender's records, at least 15 days before such sale, disposition or other intended action.

The Lender shall have the right as its option and without demand or notice, to declare all or any part of the Loan immediately due and payable, and in addition to the rights and remedies granted hereby, each party shall have all of the rights and remedies available under the Uniform Commercial Code and any other applicable law.

Section 5.5. Assignment. If, prior to the Termination Date, the Borrower sells, conveys, transfers, further mortgages or encumbers, or disposes of the Development Property, or any part thereof or interest therein, or enters into an agreement to do any of the foregoing, the Borrower shall immediately repay all amounts then outstanding on the Loan. This shall be in addition to any other remedies at law or equity available to the Lender.

Section 5.6. Appointment for Foreclosure. Upon the occurrence of an Event of Default and at any time thereafter until such Event of Default is cured to the satisfaction of the Lender and State, Borrower agrees that the Lender may appoint an individual or entity to handle the default proceedings.

ARTICLE 6

Disbursement Provisions

Section 6.1. Payment Requisition Documentation. The Lender will disburse the loan funds upon receipt and approval by the Lender and the State of the following documentation:

- (a) This Loan Agreement, fully executed;
- (b) Promissory note;
- (c) Evidence of equity injection and/or financing in the amount of \$38,000,000.00;
- (d) Purchase Money Security Agreement with UUC-1 recording;
- (e) Promissory Notes from the following Lenders:
 - 1) Taylor Holding Company, LLC (or Rabo AgriFinance)
- (f) Documentation of total project expenditures.
- (g) The Personal Guarantee of Glen Taylor.
- (h) Corporate Guaranty of Taylor Holding Company LLC.
- (i) The Borrower shall maintain insurance in adequate amounts covering loss or damage to the collateral. The Lender must be listed as loss payee.

Upon receipt of such information, the Loan will be disbursed in a lump sum.

Section 6.2. Review of Documents. The Borrower shall not be entitled to any disbursement of loan proceeds until the Lender's legal counsel and the State have reviewed and approved this Loan Agreement and the exhibits attached hereto.

Section 6.3. Adverse Changes. The Lender and the State will not authorize disbursement of funds if there has been any adverse change in the Borrower's financial condition, organization, operations or their ability to repay the project financing.

ARTICLE 7 Progress Reporting

Section 7.1. Progress Information. The Borrower shall provide to the Lender information for incorporation into the Minnesota Investment Fund progress reports, as required by the State and as needed by the Lender, to monitor the Project for compliance with State and Lender guidelines. This information must be provided until the project goals have been met or until the Compliance Date, whichever is later. At the discretion of the State or Lender additional reporting may be required. This information must be submitted to the Lender no later than:

- (a) January 15, 2017 for the period ending December 31, 2016;
- (b) January 15, 2018 for the period ending December 31, 2017;
- (c) January 15, 2019 for the period ending December 31, 2018;

- (d) Fifteen (15) days after the Compliance Date.

Section 7.2. Documentation to be provided to the Lender:

- (a) **Project status and the status of payments.**

(b) **Additional Leverage.** The Borrower must provide to the Lender invoices, sworn construction statements, and or any other information, with each progress report, to document Other Project Funds in addition to the originally included project costs.

(c) **Job Creation Documentation.** The Borrower shall provide to the Lender information on the hiring of each New Job on forms provided by the Lender. This information must include:

- (1) Permanent jobs created;
- (2) Job title of each New Job;
- (3) Date of hire of each new employee;
- (4) Hourly base wage paid;
- (5) List of Benefits provided; and
- (6) Hourly value of Benefits paid.

(d) **Payroll Report.** A formal payroll report verifying job information will be due at the Compliance Date.

Section 7.2. Records Retained. Buyer shall retain records relating to the Agreement for a period of eight (8) years following the date hereof and shall make such records available to the Minnesota Legislative Auditor or the State Auditor for the State of Minnesota at any reasonable time and, upon prior written notice, to inspect, audit, copy or abstract.

ARTICLE 8

Business Subsidy Agreement and Reporting

Section 8.1. Business Subsidy Agreement. The provisions of this Section constitute the "Business Subsidy Agreement" for purposes of the Minnesota Business Subsidy Act (Minn. Stat. § 116J.993 – § 116J.995 and its successor statute.)

(a) The Borrower acknowledges and agrees that the provisions of Minnesota's Business Subsidy Act apply to this Loan Agreement, as Borrower is receiving government assistance under the terms of this Loan Agreement.

- (1) The subsidy provided to the Borrower is the \$1,000,000.00 loan made hereunder which will be used for the purchase of equipment.
- (2) The public purposes and goals of the subsidy are to increase net jobs in the City.
- (3) The goals for the subsidy are to create jobs that pay a livable wage, per

Section 8.1(b) of this Loan Agreement.

- (4) If the goals are not satisfied, the Borrower shall make payment to the Lender as required in Section 8.2 of this Loan Agreement.
- (5) The subsidy is needed because the cost of equipment makes the Project economically infeasible without the Loan.
- (6) The Borrower must continue operations in the Jurisdiction for at least five years following the Benefit Date.
- (7) The parent corporation of the Borrower is Taylor Holding Company, LLC having an address of 1725 Roe Crest Drive, North Mankato, MN 56003.

(b) On the Compliance Date, the Borrower shall have:

- (1) Maintain zero (0) permanent, non-contract, non-seasonal FTE jobs; and
- (2) Created at least two hundred fifty (250) New Jobs at the Development Property. The New Jobs must pay a base cash wage of at least \$12.00 per hour (exclusive of Benefits) plus a Benefit package sufficient for these New Jobs at a value of at least \$3.00 per hour. New Jobs created after the June 15, 2016 (the Effective Date) will count toward the Borrower's job creation goal.
- (3) Compliance with Minnesota Pollution Control Agency (MPCA) permits including but not limited to the following:
 - a. Discharge pond performance evaluation certified by acceptable engineer and approved by MPCA,
 - b. Current with MPCA sampling requirements for ground water monitoring wells,
 - c. Current with permit for land application of industrial byproduct with MPCA,
 - d. Current permit for Dissolve Air Flotation Water Treatment unit with MPCA,
 - e. Current on monitoring requirements for storm water coverage with MPCA,
 - f. Current with pond maintenance requirements of MPCA.
- (4)
 - a. In compliance with Pretreatment Agreement with City of Windom.

Section 8.2. Default on Business Subsidy Act Requirements.

(a) If the Borrower fails to meet the job creation goal and wage level commitment by the Compliance Date, the Lender may, after holding a public hearing, extend the Compliance Date for one year, after approval from the State. If after the extension, the Borrower fails to meet the job creation goal and wage commitment, the borrower will be required to repay to the Lender a pro rata share of the Loan principal at \$4,000 per FTE job not created, plus interest as defined in Section 8.2 (b) is due within 60 days of written notice.

(b) In an Event of Default arising from a breach by the Borrower of any provision of Section 8.1 of this Loan Agreement, if the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31st of the previous year, exceeds five percent (5.0%) on the date of the earliest such Event of Default, the Borrower shall, in addition to any other payment required hereunder, pay to the Lender the difference between the present value of the interest actually paid and accrued on the Loan as of the date of the payment required by this Section 8.2 and the amount of interest that would have been paid and accrued on the Loan if the interest rate of the Loan at all times had been equal to the implicit price deflator on the date of the earliest Event of Default;

(c) Interest required in Section 8.2 (b) shall commence to accrue as of the Initial Disbursement Date;

(d) Nothing in this Section 8.2 shall be construed to limit the Lender's rights or remedies under any other provision of this Loan Agreement, and the provisions of Section 8.2 are in addition to any other such right or remedy the Lender may have available.

(e) The Borrower shall provide to the Lender information regarding job and wage goals and results for two years after the Benefit Date or until the goals are met, whichever is later. This reporting requirement will expire if the goals are met by the Compliance Date. If the goals are not met, the Borrower must continue to provide information on the Loan until the Loan is repaid. The information must be filed on the Non-JOBZ Minnesota Business Assistance form as found on the MN Department of Employment and Economic Development website and shall include the following:

- (1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;
- (2) the hourly wage of each job created with separate bands of wages;
- (3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;
- (4) the date the job and wage goals will be reached;
- (5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;
- (6) the location of the recipient prior to receiving the business subsidy;
- (7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;
- (8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;
- (9) the name and address of the parent corporation of the recipient, if any;
- (10) a list of all financial assistance by all grantors for the project; and
- (11) other information the commissioner may request.

(f) This information must be provided to the Lender no later than March 1 of each

year for the previous year. If the Borrower does not submit the report, the Lender shall mail the Borrower a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the Lender a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

ARTICLE 9 Other Conditions

Section 9.1. Project Time Frame. The time frame outlined in the Grant Application and Grant Contract pertaining to the Project shall be met by the Borrower.

Section 9.2. Promissory Note. The Borrower shall execute a promissory note in substantially the form set forth by the State.

Section 9.3. Collateral. The Borrower shall furnish the Lender Description of collateral.

Section 9.4. Annual Financial Statements. For the term of the Loan, upon request of the Lender, the Borrower shall submit the most recent annual financial statement prepared in accordance with generally accepted accounting principles. The annual financial statements shall include a profit and loss statement, balance sheet, and statement of cash flow, notes and an opinion from the accountants of such statements acceptable to the Lender.

Section 9.5. Discrimination on Account of Race, Creed, or Color. The provisions of Minn. Stat. § 181.59 and any successor statutes, which relate to civil rights and discrimination, shall be considered a part of this Loan Agreement as though wholly set forth herein and the Borrower shall comply with each such provision throughout the term of this Loan Agreement.

Section 9.6. Job Listing Agreement. (Minn. Stat. § Section 116L.66 and any successor statutes). When the Loan is for \$200,000 or more, the Borrower shall enter into a Job Listing Agreement with the local Workforce Development Center, MN Department of Employment and Economic Development.

Section 9.7. Prevailing Wage. If the Borrower is awarded \$500,000 or more of loan proceeds and the Loan is used for construction, installation (including equipment), remodeling and or repairs, the Borrower shall fully and completely comply with all applicable prevailing wage requirements contained in Minn. Stat. § 116J.871 and § 177.42, subd. 6.

(a) **Documentation.** The Borrower shall maintain or ensure access to all documentation necessary to establish that the required prevailing wage was paid and shall allow the Lender, the Commissioner of the Department of Labor and Industry and the State reasonable access to such data.

(b) **Penalty.** It is a misdemeanor for the Borrower, who has certified that prevailing wages will be paid to laborers and mechanics to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense.

Section 9.8. Surety Deposits Required for Construction Contracts. If the Loan is used for construction, and the Borrower is hiring, contracting, or having a contract with a nonresidential person or foreign corporation to perform construction work, the Borrower must comply with Minnesota Statutes 290.9705, as amended, by deducting and withholding eight percent of cumulative calendar year payments to the contractor which exceeds \$50,000.

This condition may be waived if (1) the contractor gives the commissioner a cash surety or a bond, secured by an insurance company licensed by Minnesota, conditioned that the contractor will comply with all applicable provisions of this chapter and chapter 297A, or (2) the contractor has done construction work in Minnesota at any time during the three calendar years prior to entering the contract and has fully complied with all provisions of this chapter and chapter 297A for the three prior years.

Section 9.9. Publicity and Endorsement.

(a) **Publicity.** Any publicity regarding the subject matter of this Loan Agreement must identify the State as the sponsoring agency. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract.

(b) **Endorsement.** The Lender and the Borrower must not claim that the State endorses its products or services.

Section 9.10. Workers Compensation Insurance. The Borrower has obtained workers compensation insurance as required by Minn. Stat. § Section 176.181, subd. 2. The Borrower's workers compensation insurance information is as follows:

- (a) Company Name: Starr Indemnity
- (b) Policy Number: 1000002028
- (c) Local Agent: John Van Dyke

Section 9.11. Effect on Other Agreements. Nothing in this Loan Agreement shall be construed to modify any term of any other agreement to which the Lender and the Borrower are parties.

Section 9.12. Release and Indemnification Covenants. Except for any breach of the representations and warranties of the Lender or the negligence or other wrongful act or omission of the following named parties, the Borrower agrees to protect and defend the Lender and the governing body members, officers, agents, servants, and employees thereof, now and forever,

and further agrees to hold the aforesaid harmless from any claim, demand, suit, action, or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Project and the Borrower's activities on the Development Property.

Section 9.13. Modifications. This Loan Agreement may be modified solely through written amendments hereto executed by the Borrower and the lender and approved by the State.

Section 9.14. Notices and Demands. Any notice, demand, or other communication under this Loan Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) as to the Lender: City of Windom
ATTN: Drew Hage
444 9th Street
Windom, MN 56101

(b) as to the Borrower: Prime Pork, LLC
ATTN: Wayne Kies
2850 Highway 60 East
Windom, MN 56101

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 9.14.

Section 9.15 Conflict of Interests; Representatives Not Individually Liable.

(a) No employee, officer or agent of the Lender shall participate in the administration of a contract supported by this loan if a conflict of interest, real or apparent, would be involved. No employee, officer or agent of the Lender may obtain a financial interest in any agreement with respect to the Loan. No employee, officer, or agent of the Lender shall be personally liable to the Borrower or any successor in interest in the event of any default or breach by the Lender or for any amount that may become due to the Borrower or on any obligation or term of this Loan Agreement.

(b) To the best of the Borrower's knowledge, no member, officer, or employee of the Lender, or its officers, employees, designees, or agents, no consultant, member of the governing body of the Lender, and no other public official of the Lender, who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project or in any activity, or benefit there from, which is part of the Project.

Section 9.16. Binding Effect. The covenants and agreements in this Loan Agreement shall bind

and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Loan Agreement.

Section 9.17. Provisions Not Merged With Deed. None of the provisions of this Loan Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Loan Agreement.

Section 9.18. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of this Loan Agreement are inserted only for convenience of reference and shall be disregarded in construing or interpreting any of its provisions.

Section 9.19. Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.20. Choice of Law and Venue. This Loan Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota without regard to its conflict of law's provisions. Any disputes, controversies, or claims arising out of this Loan Agreement shall be heard in the state of Minnesota, and all parties to this Loan Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 9.21. Waiver. The failure or delay of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

Section 9.22. Entire Agreement. This Loan Agreement, with the exhibits hereto, constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to the subject matter of this Loan Agreement.

Section 9.23. Separability. Wherever possible, each provision of this Loan Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Loan Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Loan Agreement or any other related document.

Section 9.24. Immunity. Nothing in this Loan Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minn. Stat. § Chapter 466.

[Signature page follows]

EXHIBIT A
Legal Description of Development Property

TRACT 1

Parcel No. **25-159-0010** and Parcel No. **25-159-0011**

Lot 1, Block 1, Caldwell Subdivision, Cottonwood County, Minnesota

TRACT 2

Parcel No. **25-159-0020**

Lot 1, Block 2 and Lot 1, Block 3 and Outlot A, Caldwell Subdivision, Cottonwood County, Minnesota

TRACT 3

Parcel No. **08-013-0601**

Beginning at the Northeast corner of Section Thirteen (13) in Township One Hundred Five (105) North, Range Thirty-six (36) West of the 5th P.M. in Cottonwood County, Minnesota; thence West along the North line of said Section Thirteen (13), One Thousand Two Hundred Thirty-one (1231) feet; thence South Two Thousand Four Hundred Thirty (2430) feet to a point One Thousand Two Hundred Twenty-seven (1227) feet due West of the East line of said Section Thirteen (13); thence Southeasterly along the Easterly line of Warren Lake to a point on a line which is parallel with and Two Hundred Twelve and Seventy-eight hundredths (212.78) feet due South of the East and West quarter line of said Section Thirteen (13); thence East parallel with said Quarter line of said Section Thirteen (13) to the East line of said Section thirteen (13); thence North along the East line of said Section Thirteen (13) to the Northeast corner of said Section Thirteen (13), being the point of beginning; excepting therefrom the following described tract, to-wit:

Beginning at the Northeast corner of Section Thirteen (13), Township One Hundred Five (105), Range Thirty-six (36), thence South along said Section Line a distance of One Thousand Three Hundred Eighty (1380) feet, thence West at a 90° angle a distance of Four Hundred Forty (440) feet, thence North at a 90° angle a distance of One Thousand Three Hundred Eighty (1380) feet, thence East at a 90° angle, along the North line of said Section, a distance of Four Hundred Forty (440) feet to the place of beginning.

Parcel No. **08-013-0500**

Beginning at the Southeast corner of said Section 13, Township 105 North, Range 36 West of the 5th P.M., thence North 00°15' East, along the East line of the section, a distance of 2,419.28 feet, to a point 212.78 feet South 00°15' West of the East quarter corner of the section; thence South 89°43' West, along a line parallel with the North line of the section, a distance of 1,169.17 feet, more or less to the Easterly line of Warren Lake (as per description on file in the office of the Cottonwood County Register of Deeds); thence Southerly and Easterly, along the Easterly line of said Warren Lake, to the South Line of the Section; thence South 89°32' East, along said South line of said section, a distance of 236 feet, more or less, to the point of beginning.

TRACT 4

Parcel No. **05-032-0101**

That part of the Southwest Quarter (SW 1/4) of Section 32, Township 106 North, Range 36 West of the Fifth Principal Meridian, in Dale Township, Cottonwood County, Minnesota, described as follows: Commencing at the Southeast corner of the Southwest Quarter of said Section 32; thence West, assumed bearing, along the South line of the Southwest Quarter (SW 1/4) of said Section 32, a distance of 1333.84 feet, to the point of beginning; thence continuing West along said south line, a distance of 296.00 feet; thence north 00 degrees, 30 minutes, 00 seconds west a distance of 439.44 feet, thence East, along a line parallel with, the south line of said Southwest Quarter, a distance of 296.00 feet; thence south 00 degrees 30 minutes 00 seconds east a distance of 439.44 feet, to the point of the beginning. Subject to easements of record, if any.

**EXHIBIT B
Equipment List**

One (1) Johnston Boiler PFTA-500-4-G-150S Four Pass, 500 HP (17,250 PPH) Packaged Firetube Steam Boiler including the Johnston Natural Gas burner;

One (1) Cain Boiler Stack Economizer system complete with integral structural design to mount directly on the boiler;

One (1) BFS Industries Boiler Feedwater Deaerator system designed to work with the Johnston Boiler;

One (1) Van Packer DW positive pressure, double wall 304 stainless steel stack system; One (1) Wheeler/CSI ASME Code Stamped Boiler Blowdown Separator System

SECURITY AGREEMENT

This security agreement (the "Security Agreement") is made and given as of this 30th day of September, 2016, by Prime Pork, LLC. with its principal place of business at 2850 Highway 60 East, Windom, MN 56101 (the "Borrower") in favor of the City of Windom, with its offices at 444 9th Street, Windom, MN 56101 and its endorsees, successors and assigns (the "Lender").

RECITALS

- A. Lender and Borrower have entered into a certain Loan Agreement, dated 9-30-16 as of the date hereof (the "Loan Agreement"), pursuant to which Lender will loan to Borrower no more than \$1,000,000 (the "Loan") to assist with the purchase of one (1) Johnston Boiler PFTA-500-4-G-150S Four Pass, 500 HP (17,250 PPH) Packaged Firetube Steam Boiler including the Johnston Natural Gas burner; one (1) Cain Boiler Stack Economizer system complete with integral structural design to mount directly on the boiler; one (1) BFS Industries Boiler Feedwater Deaerator system designed to work with the Johnston Boiler and future boiler; one (1) Van Packer DW positive pressure, double wall 304 stainless steel stack system; one (1) Wheeler/CSI ASME Code Stamped Boiler Blowdown Separator System (the "Equipment") described on the Exhibit B attached hereto, such Equipment to be located at the Development Property site described on the Exhibit A attached hereto (the "Development Property"). Borrower's payment obligations under the Loan Agreement will be evidenced by a promissory note (the "Note") dated as of the date hereof.
- B. As security for the repayment of the Loan, Lender has required that Borrower execute and deliver to Lender this Security Agreement granting a first security interest to Lender in the Equipment.
- C. The Note, this Security Agreement, and any other instruments or documents given as security for the Loan are herein referred to as the "Loan Documents".

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Borrower, it is agreed as follows:

1. Grant of Security Interest. As security for the payment and performance of the Note and all other liabilities, obligations, and indebtedness of Borrower to Lender due or to become due, direct or indirect, absolute or contingent, joint or several, howsoever created, now or hereafter at any time created, arising, or evidenced under or pursuant to the Note or this Agreement or any other document or instrument evidencing or securing the Note, Borrower does hereby transfer, assign, and grant to Lender a security interest in all of Borrower's right, title, and interest in and to the following (hereinafter collectively referred to as the "Collateral"), whether now owned or hereafter acquired or arising:

- (a) the Equipment; and
- (b) any and all proceeds of the foregoing.

2. Borrower's Representations, Warranties and Covenants. Borrower represents, warrants, covenants, and agrees:

- (a) Organization. Borrower is a Minnesota limited liability company validly existing and in good standing under the laws of the state of Minnesota, and Borrower has full power and authority to execute, deliver, and perform the Loan Documents, and to own its property and conduct its business as presently conducted and as proposed to be

conducted.

(b) Authorization. The execution, delivery, and performance of this Security Agreement have been duly authorized by all necessary action and will not:

- (i) require any consent or approval of any entity that has not been obtained; or
- (ii) violate any provision of any indenture, contract, agreement, or instrument to which Borrower is a party or by which it is bound.

(c) Performance by Borrower. Unless Borrower obtains Lender's prior written consent, Borrower shall not:

- (i) terminate its interest in any of the Collateral; or
- (ii) sell, transfer, or assign, or offer to sell, transfer or assign all or any part of the Collateral or permit all or any part of the Collateral to be sold, transferred, or assigned; or
- (iii) remove or consent to the removal of any of the Equipment from the Development Property.

(d) Title to Collateral. Borrower shall keep good marketable title to all of the Collateral, and none of the Collateral is subject to any lien or security interest except for the security interest created by this Security Agreement and other security interests consented to in writing by Lender. Borrower has not granted, and will not grant or permit to exist, any lien or security interests in all or a portion of the Collateral other than the liens in favor of Lender and other liens consented to in writing by Lender. Borrower shall defend the Collateral against all claims and demands of all and any other persons at any time claiming any interest therein adverse to Lender.

(e) Actions and Proceedings. There are no actions at law, suits in equity, or other proceedings pending before or expected to be filed with any governmental agency, commission, bureau, tribunal, or other arbitration proceedings against or affecting Borrower that if adversely determined would adversely affect Borrower's interest in the Collateral or would adversely affect the rights of Borrower to pledge and assign all or a part of the Collateral or the rights and security afforded Lender hereunder.

(f) Insurance. Borrower agrees it will keep the Equipment insured at all times against loss by fire and other hazards concerning which, in the judgment of Lender, insurance protection is reasonably necessary and in amounts sufficient to protect against loss or damage of the Equipment. Such policy or policies will contain a loss payable clause in favor of Lender or its successors or assigns, in form satisfactory to Lender, provided, however, that Borrower may, at its reasonable discretion, self-insure the Equipment.

(g) No Fixture. If any of the Collateral is or becomes a fixture, Borrower agrees to furnish Lender, at Lender's request, with a statement or statements signed by all persons who have or claim an interest in the real estate concerned, which statements shall provide that the signer consents to the security interest created hereby and disclaims any interest in the Collateral as fixtures.

(h) Understandings Regarding Collateral. Borrower acknowledges that the Collateral

is of the design, and manufacture specified for and by Borrower, and that Borrower is satisfied that the same is suitable for its intended purposes. Borrower further acknowledges and agrees that Lender has not made, and does not make, any representation, warranty, or covenant with respect to merchantability, fitness for any purpose, durability, patent, copyright or economic mark infringement, suitability, or capability of any item of Collateral in any respect or in connection with any other purpose or use of Borrower, or any other representation, warranty, or covenant of any kind or character expressed or implied with respect thereto. Borrower accordingly agrees not to assert any claim whatsoever against Lender based thereon. Borrower further agrees, regardless of cause, not to assert any claim whatsoever against Lender for loss of anticipatory profits or consequential damages.

(i) Use of Collateral. The Collateral will be used for its intended business purpose and will at all times be located at the Development Property.

(j) Condition of Collateral. Borrower will keep the Collateral in good condition and repair, reasonable wear and tear excepted, will permit Lender to enter upon the Property at reasonable times for the purpose of examining the Collateral.

(k) Costs of Collection. In the event of any action or proceeding to collect or realize upon the Collateral or to enforce any of Lender's rights hereunder, if Lender is the prevailing party Borrower shall pay:

(i) all of Lender's reasonable attorney's fees and other legal expenses, with interest thereon, incurred by Lender;

(ii) all taxes, levies, insurance expenses, and costs of repairs to, or maintenance of, the Collateral (reasonable wear and tear excepted); and

(iii) all reasonable costs of Lender incurred in taking possession of, disposing of or preserving the Collateral after any Event of Default (defined below).

3. Event of Default. Upon the event of a default under the Loan Agreement, Lender may exercise any remedy available to it under the terms of the Loan Agreement.

4. Further Assurances. Borrower shall execute and deliver to Lender, promptly and at Borrower's expense, Uniform Commercial Code ("Code") financing statements and evidence of tax filings and payments, including without limitation a UCC-1 Financing Statement in substantially the form attached hereto. Borrower agrees that Lender is authorized, at its option, to file a carbon, photographic, or other reproduction of this Agreement as a financing statement and that such statement shall be sufficient as a financing statement under the Code.

5. Cumulative Remedies. All of Lender's rights and remedies herein are cumulative and in addition to any rights or remedies available at law or in equity including the Code, and may be exercised concurrently or separately. Borrower shall pay all costs, expenses, losses, damages and legal costs (including attorney's fees) incurred by Lender as a result of enforcing any terms or conditions of this Agreement.

6. Indemnification. Borrower agrees to defend, protect, indemnify and hold Lender

harmless of and from any and all liability, loss, and damage that Lender does, may, or might incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligations or undertakings to perform or discharge any of the terms, covenants, or agreements contained herein. Should Lender incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and reasonable attorney's fees, shall bear interest thereon at the rate then in effect on the Note, shall be secured hereby, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower so to do, Lender may declare the Loan immediately due and payable.

7. Expenses of Lender. All expenses in protecting, storing, warehousing, insuring, handling, and shipping of the Collateral, all costs of keeping the Collateral free of liens, encumbrances and security interests (other than the security interest created by this Agreement) and the removing of the same and all excise, property, sales, and use taxes imposed by state, federal, or local authority on any of the Collateral or with respect to the sale thereof, shall be borne and paid for by Borrower and if Borrower fails to promptly pay any amounts thereof when due, Lender may, at its option, but shall not be required to, pay the same, and upon such payment the same shall constitute obligations and shall bear interest at the rate specified in the Note and shall be secured by the security interests granted hereunder.

8. Continuing Rights. The rights and powers of Lender hereunder shall continue and remain in full force effect until the Loan is paid in full. Within 60 days following payment in full of the Loan or forgiveness of the Loan pursuant to the term of the Loan Agreement upon payment in full of the Loan this Security Agreement shall terminate and, within 60 days thereafter, Lender shall file a termination statement in the form set forth by the Minnesota Secretary of State's office.

9. Books and Records. Borrower will permit Lender and its representatives to examine Borrower's books and records (including data processing records and systems) with respect to the Collateral and make copies thereof at any time and from time to time, and Borrower will furnish such information reports to Lender and its representatives regarding the Collateral as Lender and its representatives may from time to time request. Lender shall have the authority, at any time, to require Borrower to place upon Borrower's books and records relating to the Collateral and other rights to payment covered by the security interest created in this Agreement a notation stating that any such Collateral and other rights of payment are subject to a security interest in favor of Lender.

10. Effect on Other Agreements. Nothing in this Agreement shall be construed to modify any term of any other agreement to which Lender and Borrower are parties.

11. Release and Indemnification Covenants. Except for any breach of the representations and warranties of Lender or the negligence or other wrongful act or omission of the following named parties, Borrower agrees to protect and defend Lender and the governing body members, officers, agents, servants and employees thereof, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the acquisition, construction, installation, ownership, maintenance, and operation of the Equipment.

12. Modifications. This Agreement may be modified solely through written amendments hereto executed by Lender and Borrower and approved by the State.

13. Notices and Demands. Any notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered only if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally:

(a) as to the Lender: City of Windom
ATTN: City Administrator
444 9th Street
Windom, MN 56101-0038

(b) as to the Borrower: Prime Pork, LLC
2850 Highway 60 East
Windom, MN 56101

or at such other address with respect to any party as that party may, from time to time, designate in writing and forward to the others as provided in this Section 14.

14. Conflict of Interests; Representatives Not Individually Liable. No officer or employee of Lender may acquire any financial interest, direct or indirect, in this Agreement, the Equipment, or in any contract related to the Equipment. No officer, agent, or employee of Lender shall be personally liable to Borrower, or any successor in interest, in the event of any default or breach by Lender or for any amount which may become due to Borrower or on any obligation or term of this Agreement.

15. Binding Effect. The covenants and agreements in this Agreement shall bind and benefit the heirs, executors, administrators, successors, and assigns of the parties to this Agreement.

16. Merger. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

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

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

19. Choice of Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of law provisions. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

20. Waiver. The failure of any party to take any action or assert any right or remedy, or the partial exercise by any party of any right or remedy, shall not be deemed to be a waiver of such action, right, or remedy if the circumstances creating such action, right, or remedy continue or repeat.

21. Entire Agreement. This Agreement, with the other Loan Documents constitutes the entire agreement between the parties pertaining to its subject matter and it supersedes all prior contemporaneous agreements, representations, and understandings of the parties pertaining to

the subject matter of this Agreement.

22. Separability. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

23. Immunity. Nothing in this Agreement shall be construed as a waiver by the Lender of any immunities, defenses, or other limitations on liability to which the Lender is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

24. Other Matters. All representations and warranties contained in this Agreement or in any other agreement between Borrower and Lender shall survive the execution, delivery and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

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

LENDER:

City of Windom

By: _____
Steven Nasby
Its: City Administrator

By: _____
Corey Maricle
Its: Mayor

BORROWER:

Prime Pork, LLC

By: Glenn Taylor
Its: Chief Manager

9-30-16

EXHIBIT A
DEVELOPMENT PROPERTY

LEGAL DESCRIPTION

TRACT 1

Parcel No. **25-159-0010** and Parcel No. **25-159-0011**
Lot 1, Block 1, Caldwell Subdivision, Cottonwood County, Minnesota

TRACT 2

Parcel No. **25-159-0020**
Lot 1, Block 2 and Lot 1, Block 3 and Outlot A, Caldwell Subdivision, Cottonwood County, Minnesota

TRACT 3

Parcel No. **08-013-0601**

Beginning at the Northeast corner of Section Thirteen (13) in Township One Hundred Five (105) North, Range Thirty-six (36) West of the 5th P.M. in Cottonwood County, Minnesota; thence West along the North line of said Section Thirteen (13), One Thousand Two Hundred Thirty-one (1231) feet; thence South Two Thousand Four Hundred Thirty (2430) feet to a point One Thousand Two Hundred Twenty-seven (1227) feet due West of the East line of said Section Thirteen (13); thence Southeasterly along the Easterly line of Warren Lake to a point on a line which is parallel with and Two Hundred Twelve and Seventy-eight hundredths (212.78) feet due South of the East and West quarter line of said Section Thirteen (13); thence East parallel with said Quarter line of said Section Thirteen (13) to the East line of said Section thirteen (13); thence North along the East line of said Section Thirteen (13) to the Northeast corner of said Section Thirteen (13), being the point of beginning; excepting therefrom the following described tract, to-wit:

Beginning at the Northeast corner of Section Thirteen (13), Township One Hundred Five (105), Range Thirty-six (36), thence South along said Section Line a distance of One Thousand Three Hundred Eighty (1380) feet, thence West at a 90° angle a distance of Four Hundred Forty (440) feet, thence North at a 90° angle a distance of One Thousand Three Hundred Eighty (1380) feet, thence East at a 90° angle, along the North line of said Section, a distance of Four Hundred Forty (440) feet to the place of beginning.

Parcel No. **08-013-0500**

Beginning at the Southeast corner of said Section 13, Township 105 North, Range 36 West of the 5th P.M., thence North 00°15' East, along the East line of the section, a distance of 2,419.28 feet, to a point 212.78 feet South 00°15' West of the East quarter corner of the section; thence South 89°43' West, along a line parallel with the North line of the section, a distance of 1,169.17 feet, more or less to the Easterly line of Warren Lake (as per description on file in the office of the Cottonwood County Register of Deeds); thence Southerly and Easterly, along the Easterly line of said Warren Lake, to the South Line of the Section; thence South 89°32' East, along said South line of said section, a distance of 236 feet, more or less, to the point of beginning.

TRACT 4

Parcel No. **05-032-0101**

That part of the Southwest Quarter (SW 1/4) of Section 32, Township 106 North, Range 36 West of the Fifth Principal Meridian, in Dale Township, Cottonwood County, Minnesota, described as follows: Commencing at the Southeast corner of the Southwest Quarter of said Section 32; thence West, assumed bearing, along the South line of the Southwest Quarter (SW 1/4) of said Section 32, a distance of 1333.84 feet, to the point of beginning; thence continuing West along said south line, a distance of 296.00 feet; thence north 00 degrees, 30 minutes, 00 seconds west a distance of 439.44 feet, thence East, along a line parallel with, the south line of said Southwest Quarter, a distance of 296.00 feet; thence south 00 degrees 30 minutes 00 seconds east a distance of 439.44 feet, to the point of the beginning. Subject to easements of record, if any.

EXHIBIT B TO SECURITY AGREEMENT

DESCRIPTION OF EQUIPMENT

One (1) Johnston Boiler PFTA-500-4-G-150S Four Pass, 500 HP (17,250 PPH) Packaged Firetube Steam Boiler including the Johnston Natural Gas burner;

One (1) Cain Boiler Stack Economizer system complete with integral structural design to mount directly on the boiler;

One (1) BFS Industries Boiler Feedwater Deaerator system designed to work with the Johnston Boiler;

One (1) Van Packer DW positive pressure, double wall 304 stainless steel stack system; One (1) Wheeler/CSI ASME Code Stamped Boiler Blowdown Separator System

PROMISSORY NOTE

\$1,000,000.00

Sept. 30, 2016

Prime Pork, LLC, a Minnesota limited liability company (the "Borrower"), for value received, hereby promises to pay to the City of Windom (the "Lender") or its assigns at its designated principal office or such other place as the Lender may designate in writing, the principal sum of One Million dollars and No/100 (\$1,000,000.00) (the "Loan") or so much thereof as may be advanced under this Promissory Note (this "Note"), with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America.

1. Interest.

a. Except as provided in Section 1.c. of this Note, the Loan shall bear interest at zero percent (0.0%). Interest, if any in accordance with Section 1.c. of this Note, shall commence to accrue as to the amount of the Loan disbursed as of the date disbursed in accordance with the Loan Agreement between the Borrower and the Lender of even date herewith (the "Loan Agreement") evidencing the terms of the loan evidenced by this Note.

b. Subject to the provisions of Article 8 of the Loan Agreement, up to \$1,000,000 of the principal balance of this Note (the "Forgivable Loan") shall be forgiven and deemed paid on the Expiration Date (as defined in the Loan Agreement).

c. If the Goals are not met by the Compliance Date (as those terms are defined in the Loan Agreement), the Lender agrees to repay all or a part of the principal amount of this Note on a pro rata basis (as further described in this Section 1. c. the "Recaptured Principal"), plus interest set at the greater of 5.0% or the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2 ("Recapture Interest"), accruing from and after the Initial Disbursement Date, compounded annually. Recaptured Principal plus Recapture Interest thereon shall be repaid not later than 30 days after the Lender notifies the Borrower of the amount to be repaid pursuant to Article 8 of the Loan Agreement. If the Goals are only met in part by the Compliance Date, the Borrower will repay a pro rata portion of the principal amount of this Note (plus Recapture Interest).

d. Except as provided in Section 1(c), no payments shall be due on the Forgivable Loan; provided, however, accrued interest from the date of disbursement at the greater of 5.0% or the implicit price deflator defined in Minnesota Statutes, Section 275.70, Subdivision 2 will be added to any Recaptured Principal due pursuant to Section 1(c).

2. Payment. The Borrower shall have the right to prepay the principal of this Note, in whole or in part, without prepayment penalty.

3. Security. This Note is given pursuant to the Loan Agreement and is secured by a Purchase Money Security Agreement of even date herewith (the "Security Agreement") covering equipment located in County of Cottonwood, Minnesota. In the event any such security is found to be invalid for whatever reason, such invalidity shall constitute an event of default hereunder if capable of being cured by Borrower and not cured pursuant to the Loan Agreement, the parties shall reasonably cooperate to replace such filing so as to be effective.

4. Loan Agreement. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement, or any instrument securing this Note are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If a default occurs under the Loan Agreement, or any instrument securing this Note, and continues beyond any applicable notice and cure periods, the Lender may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with any costs of collection including attorney fees incurred by the Lender in collecting or enforcing payment hereof, whether suit be brought or not, and all other sums due hereunder, or under any instrument securing this Note. The Borrower agrees that the Lender may, without affecting the liability of the Borrower of this Note, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

5. Remedies. The remedies of the Lender as provided herein, and in the Loan Agreement, or any other instrument securing this Note, shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Lender, may be exercised as often as occasion therefore shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

6. No Waiver. The Lender shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Lender and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. Governing Laws; Jurisdiction. This Note shall be governed by and construed in accordance with the laws of the state of Minnesota without regard to its conflict of laws provisions. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. Headings. The headings used in this Note are solely for convenience of reference, are no part of this Note, and are not to be considered in construing or interpreting this Note.

9. Entire Agreement. This Note, with the other Loan Documents, constitutes the entire Note between the parties pertaining to its subject matter and it supercedes all prior contemporaneous Notes, representations, and understandings of the parties pertaining to the subject matter of this Note.

10. Separability. Wherever possible, each provision of this Note and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note or any other related document.

11. Performance. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

[Signature page follows.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed as of the 30th day of Sept., 2016.

City of Windom

By _____
Corey Maricle
Its Mayor _____

By _____
Steven Nasby
Its City Administrator _____

Prime Pork, LLC

By Glen Taylor 9-30-16
Its Chief Manager

STATE OF MINNESOTA)
) SS.
COUNTY OF COTTONWOOD)

The foregoing instrument was acknowledged before me this _____ day of November, 2016, by Corey Maricle and Steven Nasby, the Mayor and City Administrator, respectively, of the City of Windom, Minnesota, on behalf of said City.

Notary Public

The Notary Acknowledgment of Glen Taylor's signature above as Chief Manager of Prime Pork, LLC is on Page 7 of the "Guaranty - Corporate" incorporated with this document.



MEMO

To: Mayor and City Council
From: Andy Spielman, Building & Zoning Official
Council Meeting Date: November 1, 2016
Re: Planning Commission Meeting – October 17, 2016

At its regular meeting on October 17, 2016, the Planning Commission held a public hearing and made the following recommendations concerning the application which came before the meeting:

1. CONDITIONAL USE PERMIT APPLICATION & VARIANCE APPLICATION:

Applicants & Owners: **Juhl F. Erickson and Angela K. Erickson**
Address of Property: **2255 Willnor Drive, Windom, MN**
Legal Description: Lots 3 and 4 of Kountry Acres Subdivision to the City of Windom, Cottonwood County, Minnesota.
Parcel ID#: 25-454-0030 & 25-454-0040.

The Applicants propose constructing a new 36' X 40' accessory/storage building. The maximum accessory space (attached garage and any storage building) allowed by City Code for lots this size is 1,500 square feet without a conditional use permit. The City Code also requires a conditional use permit to exceed the maximum ground coverage of the dwelling. The City Code provides for a front yard setback of 25 feet and a maximum accessory building height of 25 feet. The Applicants are requesting a conditional use permit allowing additional accessory space of 824 square feet, allowing the accessory floor space to exceed the ground coverage of the dwelling, allowing a 10-foot variance of building height so the building height can be 25 feet, and allowing a 7-foot variance of front yard setback so the building may have a front yard setback of 18 feet.

THE PLANNING COMMISSION RECOMMENDS TO THE CITY COUNCIL:

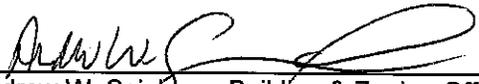
Approval of the application, submitted by Juhl Erickson and Angela Erickson, requesting a conditional use permit to allow the construction of a 36' X 40' accessory/storage building on property situated in an R-1 District which (with the existing garage) will have 824 square feet more than provided in City Code and greater floor area than the ground coverage of the dwelling on the property; and further to approve a variance allowing a building height of 25 feet which is 10 feet more than provided in the City Code and a variance of 7 feet on the front yard setback to allow a front yard setback of 18 feet.

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

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

I will be attending education classes next week and Admin. Asst. Mary Hensen plans to attend the City Council Meeting on November 1st to present this zoning application request.

Prior to that time if there are any questions, please contact me at the Building and Zoning Office at 832-8660. Thank you.



Andrew W. Spielman, Building & Zoning Official

AWS:mah

Attachments

CITY OF WINDOM, MINNESOTA

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

APPLICATION FOR CONSIDERATION OF ZONING/SUBDIVISION REQUEST

Applicant(s): Name(s) Juhl F. Erickson and Angela K. Erickson
Address 2255 Willnor Drive
City Windom State MN Zip 56101 (Phone: 507-831-3725)

Owner(s): (If other than Applicant)
Name(s) Same as Applicants
Address _____
City _____ State _____ Zip _____ (Phone: _____)

Property Address: 2255 Willnor Drive, Windom, MN 56101

Legal Description of Property: Lot(s) 3 & 4 Block(s) 1 Addition Kountry Acres Subdivision
Parcel No. 25-454-0030 & 25-454-0040
(If metes and bounds, attach description.)

Existing Use of Property: Residential Present Zoning: R-1

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

Description and Reason for Request (Attach Additional Information if necessary and/or required) To allow the construction of an accessory building (36' X 40') on Parcel No. 25-454-0030 which (together with the existing attached garage) will exceed the maximum accessory space allowed by City Code. (CUP) Applicants are also requesting a variance to exceed the maximum height of an accessory building as allowed in the City Code.

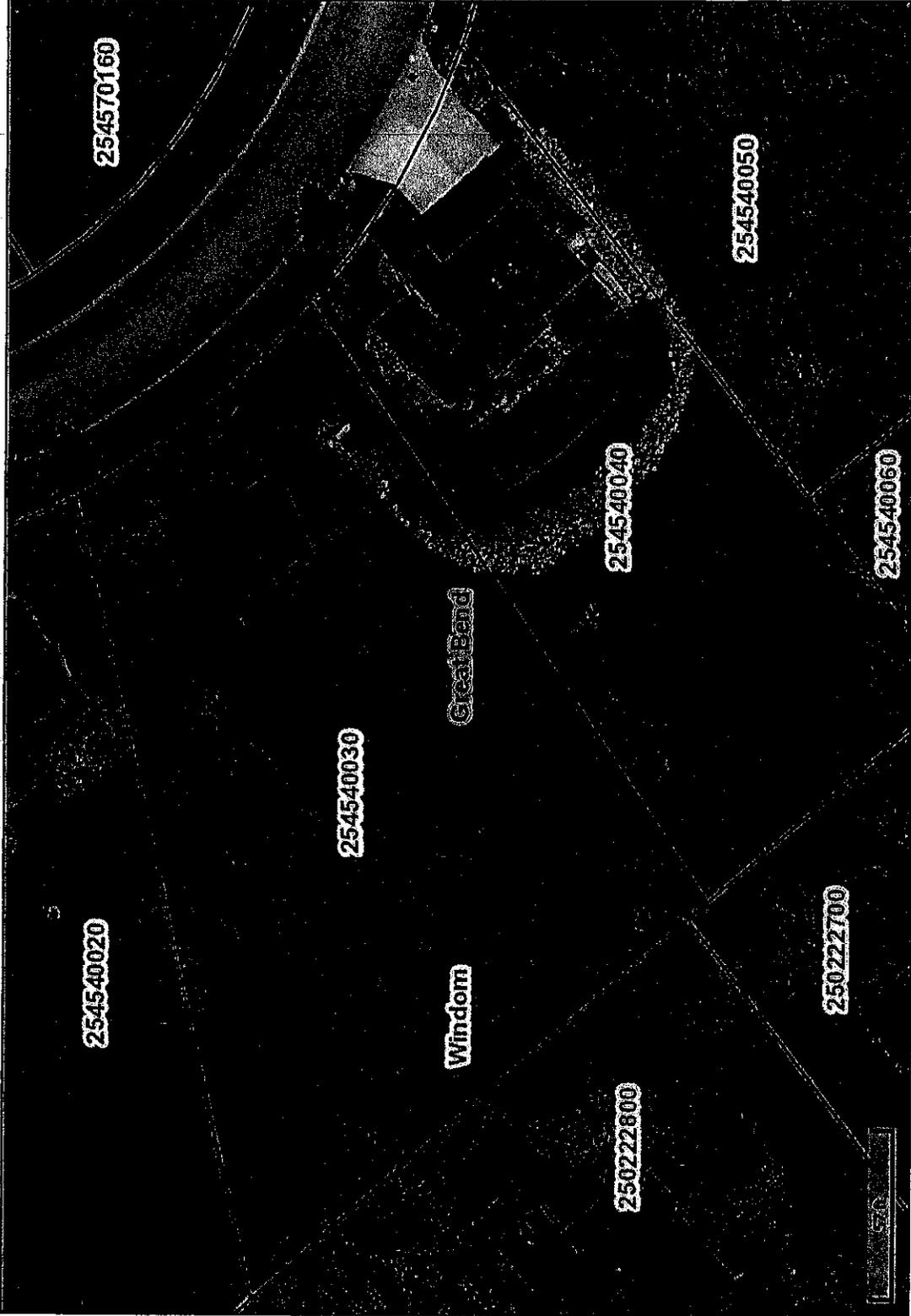
10-11-16 - Applicants are also requesting variance of 7' on front yard setback. In signing this Application, I/we hereby acknowledge that I/we have been advised concerning the applicable provisions of the Windom Zoning and Subdivision Ordinances, current administrative procedures, and the required filing fee. I/we hereby acknowledge that the information provided in this Application is true and correct to the best of my/our knowledge.

X Juhl F. Erickson X Angela K. Erickson
[SIGNATURES OF APPLICANT(S)]
Date: 10-3-16

City of Windom Fee: \$150.00 Paid: Ck. 6366 Date: 10-3-16

Upon receipt of the Application, all required supporting documents, and the filing fee, this APPLICATION IS ACCEPTED FOR FILING on this 4th day of October, 2016.

WINDOM BUILDING & ZONING OFFICIAL: Steve Case



Parcel ID 254540030
 Sec/Twp/Rng 0-0-0
 Property Address 2265 WILLNOR DR
 District 56101

Alternate ID n/a
 Class RESIDENTIAL VACANT LAND
 Acreage n/a

Owner Address ERICKSON/JUHL F & ANGELA K
 2255 WILLNOR DR
 WINDOM MN 56101

Brief Tax Description n/a
 (Note: Not to be used on legal documents)

Date created: 10/7/2016
 Last Data Uploaded: 10/1/2016 8:14:12 PM

Developed by

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

**CITY OF WINDOM PLANNING COMMISSION
UPDATED PUBLIC HEARING NOTICE
CONDITIONAL USE PERMIT & VARIANCE
(TOTAL FLOOR AREA, GROUND COVERAGE & BUILDING HEIGHT)
& VARIANCE (FRONT YARD SETBACK)**

TO: PROPERTY OWNERS WITHIN 350 FEET OF APPLICANTS' PROPERTY

Pursuant to City of Windom, City Code Sections 152.525-152.530, 152.545-152.551, and 152.565-152.568, notice is hereby given that the Applicants and Owners, JUHL F. ERICKSON and ANGELA K. ERICKSON, husband and wife, of 2255 Willnor Drive, Windom, Minnesota, have submitted a zoning application for a conditional use permit and a variance concerning property (bare land previously shown on real estate records as 2265 Willnor Drive) which will be included with property addressed as 2255 Willnor Drive. This property is located in an R-1 District. The Applicants request a conditional use permit to allow construction of a detached accessory/storage building that would have a total floor area that would exceed the maximum floor area for accessory buildings and also exceed the ground coverage of the dwelling as set forth in City Code Section 152.327. The Applicants further request a variance to allow the construction of the proposed detached accessory/storage building with a building height that would exceed the maximum accessory building height as set forth in City Code Section 152.053.

Update: The Applicants further request a variance to allow the proposed detached accessory/storage building to be placed 18 feet back from the front yard setback. City Code Chapter 152.053 requires a front yard setback of 25 feet. The reason for the request is the topography of the land slopes significantly and would create practical difficulties for placement of a building further back on the lot.

The setbacks, lot area, and proposed placement of the detached accessory/storage building are shown on the plot plan which is on file in the Building & Zoning Office in City Hall.

A public hearing to consider this application will be held before the Planning Commission in the City Council Chambers at City Hall, 444 9th Street, Windom, MN 56101 on Monday, October 17, 2016, at 7:05 p.m.

Those persons wishing to be heard on this application for consideration of a conditional use permit and variance are requested to be at this meeting. The setbacks, lot area, proposed placement of the building are shown on the plot plan and the application which may be reviewed in the Building & Zoning Office at City Hall prior to the Public Hearing.

Legally described as follows: Lots 3 and 4, Block 1, of Kountry Acres Subdivision to the City of Windom, Cottonwood County, Minnesota.

Parcel ID #: 25-454-0030 & 25-454-0040

Address of the Property: 2255 Willnor Drive, Windom, MN 56101

By Order of the City of Windom
Building & Zoning Office

Original Public Hearing Notice Published: Cottonwood County Citizen (October 5, 2016)
Mailing of Public Hearing Notice to Property Owners (within 350' of Subject Property): October 5, 2016.

RESOLUTION #2016-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

A RESOLUTION IMPLEMENTING GASB STATEMENT NUMBER 54 AND RE-ESTABLISHING A MINIMUM FUND BALANCE

WHEREAS, the City of Windom previously specified ending fund balances for the various city budgets as reserved, designated or unreserved; and

WHEREAS, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions in February, 2009, which requires City Councils to make certain decisions regarding the use of resources and classifications of ending fund balance in order for the annual financial reports and audits to be in compliance with generally accepted accounting principles; and

WHEREAS, by GASB 54, a hierarchy of fund balance classifications has been created, consisting of the following: Non-spendable Fund Balance; Restricted Fund Balance; Committed Fund Balance; Assigned Fund Balance and Unassigned Fund Balance; and

WHEREAS, the fund balance classifications noted above have the following definitions and purposes:

“Assigned” fund balance amounts are comprised of unrestricted funds constrained by the city’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the city’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.

“Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the city council and that remain binding unless removed by the city council by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.

“Enabling legislation” means legislation that authorizes a city to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.

“Fund balance” means the arithmetic difference between the assets and liabilities reported in a city fund.

“Non-spendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to,

inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

“Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

“Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of non-spendable, restricted, and committed fund balances exceed the total net resources of that fund.

“Unrestricted” fund balance is the amount of fund balance left after determining both non-spendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances; and

WHEREAS, on an annual basis, it may be necessary for the City Administrator or Finance Director to formally commit the ending fund balance of all government funds to the default ending fund position and / or to assign fund balances as needed.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDOM, COUNTY OF COTTONWOOD, MINNESOTA:

1. The city shall classify its fund balances in its various funds in one or more of the following five classifications: non-spendable, restricted, committed, assigned, and unassigned, and the ending fund balance of all governmental funds shall formally be committed to their default ending fund position.
2. The City Administrator or Finance Director shall have assigning authority for fund balances as may be necessary and may alter the default assignment position.
3. The City will strive to maintain a minimum unassigned general fund balance of six months (50%) of the annual budgeted operating expenses.
4. The City Council passed Resolution No. 2011-60 and this resolution supersedes that document.
5. The new 2016 Fund Balance Policy replaces the previous Fund Balance Policy the City Council adopted on December 14, 2014.

ADOPTED this 1st day of November, 2016.

Corey J. Maricle, Mayor

ATTEST: _____
Steve Nasby, City Administrator

MEMORANDUM



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

TO: City Council
FROM: City Administrator *Jew*
DATE: October 14, 2016
RE: General Fund Reserve – Policy and Emergency Services Facility Contribution

The City Council has previously discussed the amount of General Funds committed to the Emergency Services Facility (ESF) and the need to review\revise the City's Fund Balance Policy. The Fund Balance Policy was first adopted in 2011 and revised in 2014 to reflect GASB 54 requirements.

Attached is a revised Fund Balance – GASB 54 Policy that lowers the General Fund reserve minimum from 75-100% of annual operational expenses to 50%. The 50% threshold is consistent with guidance from both the State Auditor's Office and League of Minnesota Cities stating that a General Fund reserve be 35-50%.

Council action is anticipated that will formally commit \$400,000 from the General Fund Reserve to the ESF as part of the \$1.9 million up-front contributions. To date (October 5, 2016) \$280,881.69 has already been expended for architectural costs, soil borings, pre-design, legal fees and other expenses. If the City Council commits to the \$400,000 amount an additional \$119,118.31 will be transferred into the ESF Building Account.

CITY OF WINDOM

2016

FUND BALANCE POLICY

I. PURPOSE

The purpose of this policy is to establish the specific guidelines for the level of fund balances available for current and future spending in the governmental funds. The fund balance policy addresses a minimum level of unrestricted fund balance to be maintained, how the unrestricted fund balance can be used or spent down and how that fund balance will be replenished if it falls below the minimum level. In addition, the City sets a stabilization amount for use in emergency situations or when revenue shortages or budgetary imbalances arise. The policy also addresses when fund balances will be restricted to specific purposes.

II. BACKGROUND

Government Accounting Standards Board (GASB) Statement No. 54 was enacted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In governmental funds, a City should identify fund balance separately between non-spendable, restricted, committed, assigned or unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Proprietary funds' equity will be managed as a separate business-like enterprise as allowed by U.S. Generally Accepted Accounting Principles (GAAP). The funds will be monitored through operations and their rate structures. Examples of Proprietary funds include Utilities and Liquor. Proprietary fund balances will be classified as either invested in capital assets net of related debt, restricted or unrestricted.

III. CLASSIFICATION OF FUND BALANCE/PROCEDURES

1. **Nonspendable**

- This category includes fund balance that cannot be spent because it is either (i) not in spendable form or (ii) is legally or contractually required to be maintained intact. Examples include inventory, prepaid items, endowments and land held for resale.

2. **Restricted**

- Fund balance should be reported as restricted when constraints placed on those resources are either (i) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (ii) imposed by law through constitutional provisions or enabling legislation. Examples include bond or grant proceeds, tax increments, Library and Port Authority levies and park dedication fees.

3. Committed

- Fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to commit those amounts.
- The City's highest level of decision making authority (City Council) will annually or as deemed necessary commit specific revenue sources for specified purposes by formal action. This formal action must occur prior to the end of the reporting period, however, the amount to be subject to the constraint, may be determined in the subsequent period. A committed fund balance cannot be a negative number. Examples include amounts levied directly into a fund, transferred to a Capital Projects fund or an internal savings/reserve fund for a specific purpose such as a fire truck.
- Any unrestricted fund balance remaining at year-end in any special revenue fund is deemed to be committed to the purpose of that fund and can only be removed by council action.

4. Assigned

- Amounts that are constrained by the government's intent to use for specified purposes, but are neither restricted nor committed. Assigned fund balance in the General fund includes amounts that are intended to be used for specific purposes.
- The City Council has delegated the authority to assign and remove assignments of fund balance amounts for specified purposes to the City Administrator and Finance Director.

5. Unassigned

- Unassigned fund balance represents the residual classification for the General fund. Includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General fund. The General fund should be the only fund that reports a positive unassigned fund balance amount.
 - a. The City will maintain an unrestricted fund balance in the General fund of an amount not less than 50% of the next year's budgeted expenditures of the General fund. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements and contingency needs

because major revenues, including property taxes and other government aids are received in the second half of the City's fiscal year.

- b. If spending unrestricted fund balance in designated circumstances has reduced unrestricted fund balance to a point below the minimum targeted level, as noted above, the replenishment will be funded by property taxes or a transfer from another fund designated by the City Council within three years.

IV. MONITORING AND REPORTING

The City Council shall annually review fund balances in relation to this policy in conjunction with the development of the annual budget.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1.) committed 2.) assigned and 3.) unassigned.

A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General fund.

V. GOVERNMENTAL FUND DEFINITIONS

GASB Statement 54 provides clarification of the governmental funds definitions. The definitions are added to the fund balance policy to clearly define their reporting requirements. It is also important to understand the fund classification when determining the classification of their fund balances.

General Fund – Used to account for all financial resources not accounted for in another fund.

Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects).

- One or more specified restricted or committed revenues are foundation for the fund (comprise a substantial portion of fund's inflows).
- Other inflows (i.e. interest and transfers) may be reported in fund, if restricted, committed or assigned to the specified purpose of the fund.
- Restricted or committed proceeds of specific revenue sources should be expected to continue to comprise substantial portion of inflows of the fund.
- Exception for specific revenue rules – General fund of Blended Component Unit (EDA).

Debt Service Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest payments.

Capital Projects Funds – Used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

IV. REPORTING REQUIREMENTS

The City's audit firm shall provide a Council presentation of the previous year's financial condition in the modified and full accrual basis of accounting after the audit is completed. Any deficiencies presented by the auditor will be followed up by the City Administrator or Finance Director with a written plan to comply with this policy.

Adopted by the City of Windom on this November 1, 2016

General Fund Balance - 2015 AUDIT

General Fund 100	\$ 2,343,295.32
General Capital Fund 401	\$ 60,875.65
Library Fund 211	\$ 95,359.77
Airport Fund 225	\$ 62,524.41
Pool Fund 230	\$ 35,962.08
Ending General Fund Balance (2015 Audit)	<u><u>\$ 2,598,017.23</u></u>

GASB 54 Classification

Non- Spendable	\$ 23,306.00	Street Department and Airport Inventory
Restricted	\$ 82,120.00	Investment Accounts in 401 for Park, Fire, and Well
Assigned	\$ 183,384.00	Remaining Fund Balance for Library, Airport, and Pool Fund
Unassigned	<u><u>\$ 2,309,207.23</u></u>	Remaining General Fund Balance

General Fund Expenditures - 2015 AUDIT

General Fund 100	\$ 2,370,089.43
General Capital Fund 401	\$ 845,556.73
Library Fund 211	\$ 158,604.80
Airport Fund 225	\$ 178,578.04
Pool Fund 230	\$ 114,005.49
	<u><u>\$ 3,666,834.49</u></u>

Unassigned Fund Balance % of Actual Exp **63% Agrees to 2015 Audit**

2016 BUDGETED General Fund Expenditures

General Fund 100	\$ 2,396,165.00
General Capital Fund 401	\$ 368,589.00
Library Fund 211	\$ 202,150.00
Airport Fund 225	\$ 243,000.00
Pool Fund 230	\$ 119,225.00
	<u><u>\$ 3,329,129.00</u></u>

Unassigned Fund Balance % of 2016 Budget Ex **69% Not reported in Audit**

75% Policy in effect for 2015
50% Proposed Revised Policy for 2016

2017 BUDGETED General Fund Expenditures (Not Finalized)

General Fund 100	\$ 2,521,811.00
General Capital Fund 401	\$ 238,795.00
Library Fund 211	\$ 217,330.00
Airport Fund 225	\$ 245,160.00
Pool Fund 230	\$ 126,435.00
	<u><u>\$ 3,349,531.00</u></u>

75% Fund Balance Amount of 2017 Budget	\$ 2,512,148.25
50% Fund Balance Amount of 2017 Budget	\$ 1,674,765.50

Chelsie Carlson

From: Popenhagen, Craig W. <Craig.Popenhagen@claconnect.com>
Sent: Thursday, October 27, 2016 5:33 PM
To: Chelsie Carlson
Subject: RE: [External] Fund Balance Reserve Policy

This would be funded by governmental funds, so I'll comment in relation to the general fund.

For the general fund, the rule of thumb is a range of 35% to 50% of expenditures for "unassigned" fund balance. The idea is to mirror the period of time from January 1 until the city receives its first property tax settlement in May/June.

Hope that helps.

Regards,



Craig W. Popenhagen, Principal
CliftonLarsonAllen LLP

Direct 507-434-7041
craig.popenhagen@CLAconnect.com
Main 507-434-7000 x17041, Fax 507-437-8997
109 North Main Street, PO Box 217, Austin, MN 55912
CLAconnect.com



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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Wealth Advisors, LLC, an SEC-registered investment advisor.*

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CliftonLarsonAllen LLP

From: Chelsie Carlson [<mailto:ccarlson@windomnet.com>]

Sent: Wednesday, October 26, 2016 7:54 AM

To: Popenhagen, Craig W.

Subject: [External] Fund Balance Reserve Policy

The Council is using some reserve funds to finance a new fire hall. As part of this they are discussing the fund balance policy and changing it from 75% to 50%. There has been a lot of discussion around this and what is needed for a fund balance. Can you please provide a statement regarding what you would typically like to see for a City our size? I think it would help guide the discussion on our end.

Thanks

City of Windom
Chelsie Carlson, Finance Director/Controller
444 9th Street, P.O. Box 38
Windom, MN 56101
507.831.6129 Ext. 8651
507.831.6127 Fax

www.windom-mn.com



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

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Statement of Position

Fund Balances for Local Governments

Based on GASB Statement No. 54

Background

Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the classifications of fund balance based on the focus of the constraints placed on the use of current fund balance. The Statement also identifies the governmental fund type definitions. This Statement of Position addresses only the fund balance classifications and reporting.

The requirements of GASB 54 are applicable to all local governments. Implementation was required for the first fiscal year ended June 30, 2011. However, most Minnesota local governments report on a calendar year. For those reporting on a calendar year, the first required year for implementation was the year ended December 31, 2011.

In governmental funds,¹ local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds. A local government will classify its fund balances into one of up to 5 classifications: nonspendable, restricted, committed, assigned, and unassigned. While some of the GASB 54 classifications are similar in nature to the classifications under pre-GASB Statement No. 54, the focus is different, and thus, what is classified into these classifications may be different.

Fund Balance Classifications/Definitions for Governmental Funds

The fund balances of a local government's governmental funds should be reported in the new classifications based on the definitions in the following table:

¹ Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. The governmental fund category includes the general fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Codification of Governmental Accounting and Financial Reporting Standards § 1300.102.

Reviewed: February 2014
Revised: July 2012

2010-1003

This Statement of Position is not legal advice and is subject to revision.

An Equal Opportunity Employer

<i>Fund Balance Reporting</i>			
<i>Classification</i>	<i>Definition</i>	<i>Examples</i>	
Nonspendable	“Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.” ²	<ul style="list-style-type: none"> • Inventories, • Prepaid items, • Long-term receivables in the general fund, and • Permanent principal of endowment funds. 	
Restricted	<p>“Fund balance should be reported as restricted when constraints placed on the use of resources are either:</p> <p>a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or</p> <p>b. Imposed by law through constitutional provisions or enabling legislation.”³</p>	<ul style="list-style-type: none"> • Restricted by state statute, • Unspent bond proceeds, • Grants earned but not spent, • Debt covenants, • Taxes dedicated to a specific purpose, and • Revenues restricted by enabling legislation. 	
Unrestricted	Committed	<p>“Used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.”⁴</p>	<ul style="list-style-type: none"> • The governing board has decided to set aside \$1M for a new city hall. • Property tax levies set for a specific purpose by resolution.
	Assigned	“Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.” ⁵	<ul style="list-style-type: none"> • Governing board has set aside \$2 million for a county hospital and the county manager may amend this up to \$100,000. • Governing body delegates the authority to assign fund balance to the finance officer. • Governing board has appropriated fund balance often to balance next year’s budget.⁶ • Positive residual balances in governmental funds other than the general fund.
	Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. ⁷	

² GASB Statement No. 54, ¶ 6.

³ GASB Statement No. 54, ¶ 8.

⁴ GASB Statement No. 54, ¶ 10.

⁵ GASB Statement No. 54, ¶ 13.

⁶ See appropriated fund balance section of this document.

⁷ GASB Statement No. 54, ¶ 17.

Classifying Fund Balance

A local government should classify its fund balances based on the nature of the particular net resources reported in a governmental fund. The government would first start by identifying nonspendable net resources, followed by restricted, committed, assigned and lastly unassigned. This will classify a fund's net resources from those that have the most constraints placed on their use to the least. A fund's net resources also are affected by the spending policy of that government. A local government should determine the order of use of resources when expenditures are incurred. Are restricted resources used first? Or, if available for use, are unrestricted net resources (committed, assigned, or unassigned) used first? If a local government does not have an accounting policy that identifies the order of use of resources, then the net resources with the most constraints are used first.

Unrestricted Fund Balance

Unrestricted fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. The unrestricted fund balance is the amount of fund balance that a local government, itself, has placed constraints on its use (committed and assigned) and fund balance that does not have any specific purpose identified for the use of those net resources (unassigned). Unrestricted fund balance, therefore, includes the committed, assigned, and unassigned classifications. Committed and assigned fund balance represent resources set aside by the government to fund specific purposes. The two classifications differ in the formality of the action required to set aside the net resources.

The government's highest level of decision-making authority is required to commit available fund balance to a specific purpose. Once the action has been taken, the committed funds cannot be used for any other purpose unless the commitment is rescinded by the same type of action that previously committed the funds. The action taken to commit the funds must be taken prior to the end of the fiscal year, but the specific amount may be determined in the subsequent period.

The authority to assign may be delegated to an official other than the governing body. Unlike committed fund balance, the action taken to assign fund balance may be made after year end. In governmental funds other than the general fund, the assignment must follow the government's intent for the specific purpose of the individual funds. Therefore, all remaining positive fund balances in the special revenue, debt service, and capital projects funds are classified as assigned.

Unassigned fund balance represents the remaining unrestricted fund balance in the general fund after identifying fund balance that has been committed or assigned. Deficits in fund balances of other governmental funds are reported as unassigned. Assignments should never cause a deficit in unassigned fund balance to occur.

Stabilization Arrangements: Restricted/Committed vs. Unassigned

Many local governments currently set aside part of fund balance for emergencies, working capital, cash flows, revenue shortages, or other contingencies. The authority to set aside these

amounts usually comes from ordinance or resolution. The GASB calls these types of funds “stabilization arrangements.” For a government to be able to set aside these types of funds as restricted or committed, they need to specifically define when these amounts may be used and specify a situation that cannot be expected to occur routinely. For example, identifying funds to be accessed “in an emergency” does not sufficiently detail the circumstance or condition that must be met for the funds to be considered committed. To commit these funds, the government needs to be more specific in defining an emergency. If the arrangement meets these requirements, it would be considered a specific purpose and reported as either restricted or committed, depending on the source of the constraint. Stabilization arrangements that do not meet the requirements should be reported as part of unassigned fund balance in the general fund.

Appropriated Fund Balance

Usually a local government only classifies fund balances at year end for financial reporting purposes. Thus only current, and not future, net resources are classified. Typically, the subsequent year’s budgeted expenditures are expected to be paid from the subsequent year’s revenues and not the current reporting year’s ending fund balances. On occasion, local governments will “deficit” budget, or in other words, budget more expenditures than anticipated revenues and drawdown beginning fund balance for the subsequent year. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.⁸

Recommendations

Adoption of Comprehensive Fund Balance Policy

The GASB’s Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, identifies fund balance accounting policies that a local government may have or should consider. The Office of the State Auditor recommends that each local government establish/approve a formal comprehensive fund balance policy relating to accounting and financial reporting of governmental fund balances. A local government’s fund balance policy could address the following areas:

- Minimum fund balance
- Order of resource use
- Stabilization arrangements
- Committing fund balance
- Assigning fund balance

Minimum Fund Balance

The Office of the State Auditor recommends that local governments determine and establish in their fund balance policy a desired minimum level of unrestricted fund balance to maintain in

⁸ GASB Statement No. 54, ¶ 16.

their general fund and other significant governmental funds. The local government's governing body should keep revenue streams in mind when determining a minimum level of fund balance for their policy. Often a local government's revenue stream is not evenly distributed throughout the year. A local government will need sufficient beginning fund balances to pay expenditures until these revenues are received. For example, funds that rely heavily on property taxes must maintain sufficient financial resources until the next tax revenue collection cycle. Funds that rely on state appropriations and grants should consider the timing of those payments. Also, local governments need to maintain a prudent level of financial resources to protect against a forced service level reduction or having to raise taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

Other considerations include the predictability of revenues and the volatility of expenditures. A local government may need higher levels of unrestricted fund balance if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile, such as greater expenditures in the early part of the year. The availability of resources in other funds and the potential drain on the general fund resources from other funds could affect the necessary level of minimum unrestricted fund balance. The availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund.

After establishing a minimum level of unrestricted fund balance, the policy should provide for both a time frame and a specific plan for increasing or decreasing the level of unrestricted fund balance. If the actual unrestricted fund balance is not consistent with the policy, a plan should be developed by the governing body that will allow for compliance with the desired minimum level. The fund balance policy should include a provision for a regular review of the sufficiency of the minimum fund balance level.

Order of Resource Use/Fund Balance Flow Assumption

The Office of the State Auditor recommends that local governments include in their comprehensive fund balance policy the normal order of resource use. The policy should identify which fund balance resources (restricted or unrestricted) are normally used first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, for unrestricted fund balance, the local government should identify the order in which committed, assigned, or unassigned amounts are spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Stabilization Arrangements

The Office of the State Auditor also recommends that local governments consider establishing a stabilization arrangement for emergency situations in their comprehensive fund balance policy. The policy should establish the amount to be set aside, identify the types of nonroutine emergencies/situations that would meet the need for use of stabilization funds, and clearly state that the amount set aside may only be used for the identified emergency situations.

Committing Fund Balance

The Office of the State Auditor also recommends that a local government's governing body identify in its comprehensive fund balance policy its process for committing fund balance to a specific purpose. The policy could identify the local government's highest level of decision making authority, what formal action is required to commit fund balance, and what specific purposes normally will require committing resources.

Assigning Fund Balance

Furthermore, the Office of the State Auditor recommends each local government that decides to delegate the authority to assign fund balance for a specific purpose include in their comprehensive fund balance policy the body or official authorized to assign amounts to a specific purpose and the types of specific purposes that may be assigned by that delegated body or official. The policy should also specify how the amounts for such assignments are arrived at and whether the governing body will set the assignments annually or will set up a process to make the assignment based on the guidelines established by the governing body.

Appropriate Fund Balance Levels

The Office of the State Auditor recommends that, at year-end and/or at other key times of the year, local governments that rely significantly on property taxes maintain an unrestricted fund balance of approximately 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures in their general fund and special revenue funds. This amount of unrestricted fund balance should provide the local government with adequate funds until the next property tax revenue collection cycle. The adequacy of unrestricted fund balance should be assessed based on an individual local government's own circumstances. If the local government's unrestricted fund balance is less than or greater than the recommended level, the local government should be able to explain the reason for the difference.



According to the Minnesota Department of Education, Minnesota school districts, unlike most local governmental units, experience timing of receipts from local property tax levies, state aids, and federal aids that provide a more reliable flow of cash to fund operations. Therefore, a recommended unrestricted fund balance for school districts may be less than the amounts recommended above for other local governmental units. Each school district should determine the appropriate level of unrestricted fund balance based on the school district's circumstances.

Local governments should also consider taking a position on the level of unrestricted fund balance in other funds that have unrestricted revenues. In setting an appropriate level, the local government should consider any long-term forecasting/planning issues to avoid the risk of placing too much emphasis on the level of unrestricted fund balance at any one time.



City Fund Balances 101: Critical Issues and Definitions

September 2015

City fund balances are often a popular topic of discussion among state policymakers and the media. Some of these discussions include basic misunderstandings of city finances. This heightened attention means it is important for city officials to be able to explain both the size of their city's fund balance and its role in city finances to citizens, legislators, and the media. While each city's financial situation is unique, this document provides an overview of the critical issues surrounding city fund balances, the different components of fund balances, and the basic characteristics that most city fund balances share.

Critical Issues/Talking Points

- Cities receive their two largest sources of revenue—the property tax and state aid distributions—twice each year. The equivalent for an individual would be to receive only two paychecks each year.
- The Office of the State Auditor's (OSA) report measures city fund balances on Dec. 31, shortly after the city receives its second property tax and state aid distribution. The timing is equivalent to measuring your personal wealth on the day after payday—before you've paid the mortgage, car loan, and other bills.
- Like individuals and businesses, cities have monthly bills and expenditure needs. Fund balances are used for day-to-day cash flow for the following five to six months of city operations—until the next property tax and state aid distributions.
- Cities may also set aside a portion of their fund balance as a rainy day fund to help them through emergencies, like cuts to state aids or natural disasters. This is similar to families aiming to set aside enough funds to cover three months' worth of bills should household income drop due to illness or unemployment.
- The OSA's official position on city fund balances is that the unreserved portion should be equal to 35 to 50 percent of general fund operating revenues.

Different components of fund balances

The city fund balance is not one pot of money but is comprised of distinct components with very distinct purposes. The Office of the State Auditor (OSA) released a revised statement of position on fund balances in July of 2012. That document is available [here](#). According to the OSA, "local government should identify fund balance separately based on a hierarchy of the constraints placed on the use of the financial resources within governmental funds." Under GASB 54, Minnesota cities need to report five different components of fund balances to the OSA each year: a) non-spendable, b) restricted, c) unrestricted-committed, d) unrestricted-assigned, and e) unrestricted-unassigned. These five distinct classifications are defined below.

Restricted components:

- a) Non-spendable: These are dollars that cannot be spent because they are not in a spendable form or they are legally or contractually required to remain intact. Examples here are inventories, pre-paid items or long-term receivables in the city's general fund.
- b) Restricted: These are dollars on which there are constraints placed regarding their use. External constraints include those imposed by creditors, grantors, or laws of other governments. Other constraints might be those imposed by law. Examples of the former are debt covenants and grants earned but not yet spent. Examples of the latter include taxes dedicated to a specific purpose and revenues restricted by some enabling legislation.

Unrestricted components:

- c) Unrestricted-Committed: These are dollars that must be kept for specific purposes as determined by formal action of the decision-making authority. An example is funds set aside by the council for a specific capital project.
- d) Unrestricted-Assigned: These are dollars that the city intends to use for a specific purpose but they are not committed. An example is regularly using fund balance to balance the city's budget at the end of the year.
- e) Unrestricted-Unassigned: Finally, these are dollars that do not fall into any of the other classifications.

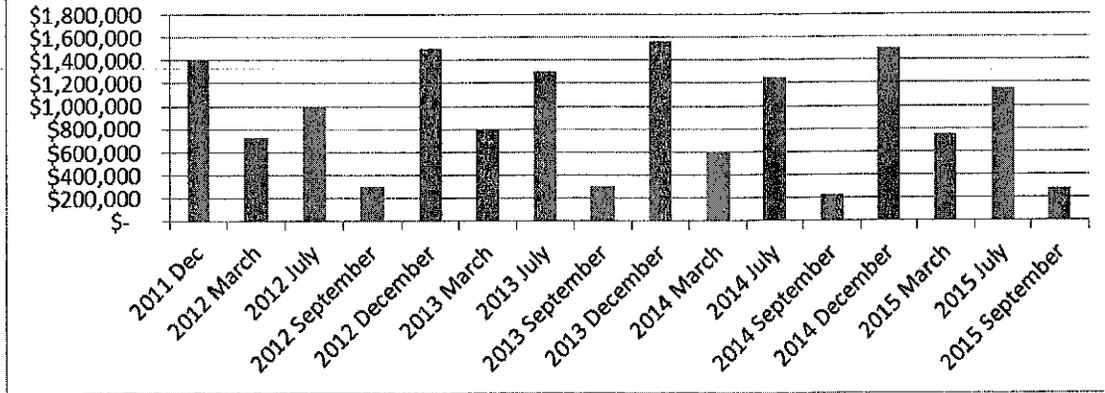
The OSA position statement on fund balances states that local governments must identify each of these classifications separately. The OSA offers two criteria for cities to consider when establishing a fund balance policy and assigning fund balance dollars. The first is that the unrestricted fund balance in the general fund and any special revenue funds be equal to 35 to 50 percent of general fund operating revenues. The second is that the unrestricted fund balance should be no less than five months of operating expenditures.

Cash flow funds

Cities receive the two largest sources of revenue—the property tax and state aid distributions—twice each year. The OSA report measures city fund balances on Dec. 31, shortly after the city receives its second property tax and state aid distribution. These reserves are used for day-to-day cash flow for the next five to six months of city operations—until the next property tax and state aid distributions in May and July. Like families and businesses, cities have monthly bills and expenditure needs. Measuring a city's fund balance on Dec. 31 is equivalent to measuring your personal wealth on the day after payday—before you've paid the mortgage, car loan, and other bills. Without adequate cash flow reserves, cities would be forced to borrow to pay for operating expenses, which increases the overall cost of city services to taxpayers. A city with low reserves may also choose to delay major purchases; turn to other revenue sources such as fees, fines, service charges, interest from investments, or other grants and aids; or adjust their budgets in other ways.

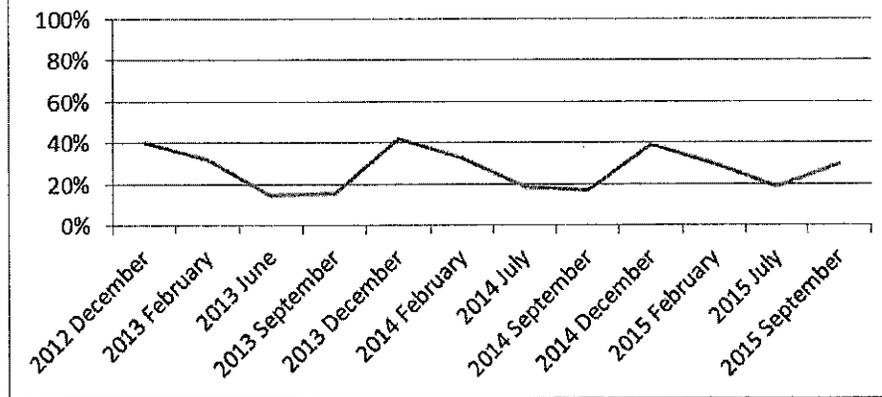
Graph A shows a one-year cash balance for everyone's favorite hypothetical city, Mosquito Heights. The cash balance is highest in December and July, after taxes and state aids are distributed to the city. The difference between the peaks and valleys is the city's cash flow need. A city may need to rely more or less on reserves during the months between tax and state aid distributions, depending on its other revenues sources such as fees.

Graph A: Example of City Fund Balance Fluctuation



The annual state auditor’s report shows city fund balances as a percentage of total current expenditures for the year. **Graph B** illustrates the general fund cash balance as a percentage of the general fund budget for a hypothetical city. In December, when the state auditor’s report measures fund balances, the city’s general fund cash balance is over 40 percent of budgeted expenditures. That percentage dips below 20 percent in May and November in each of the past two years.

Graph B: Fund Balance as % of General Fund Budget



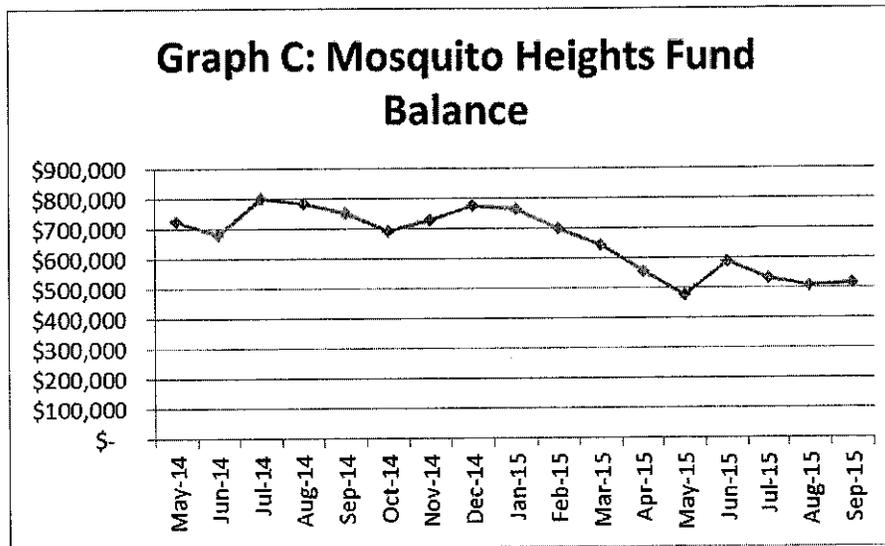
Rainy day funds

The city fund balance acts as a rainy day fund to help the city cope with revenue shortfalls, unexpected expenditures, or emergencies. Given that cities only receive property taxes and state aids twice a year, the reserve funds can be critical for responding to unforeseen local needs. Some cities have relied upon their fund balance to meet immediate budget needs. Emergencies, including natural disasters such as floods or tornados, may also require a city to rely on rainy day funds. The state also has a budget reserve. The reserve is commonly referred to as the rainy day fund. Due to the volatility in estimating state income and sales tax

revenues, this fund helps the state address unexpected economic downturns, other fluctuations in state revenues, or unexpected expenditure needs.

Savings for projects or dedicated uses

Prior to undertaking a capital project, a city may increase reserves to help pay for a portion of the project, thus reducing the need to issue debt. Setting aside money over a period of time can be an easier way to pay for a project, especially for smaller cities. City fund balances may include savings for a major project or purchase. **Graph C** shows a two-year fund balance for Mosquito Heights. In January 2015 the city began construction of a new city hall, for which it had funds saved. By September 2015, the project was complete and the city’s fund balance was less than two-thirds what it had been in July 2014.



Cities may have reserves in dedicated funds, such as sewer and water utilities, or enterprise funds, which are generated from user fees. These reserves are dedicated for operation, maintenance, and improvement of the utility or enterprise and must be used for those purposes.

Fund balances and credit ratings

Cash flow needs, savings for projects, and reserves for unforeseen needs are three reasons why fund balances are important. Another reason is favorable bond ratings. Good bond ratings mean that a city will get lower interest rates when borrowing money. The bond rating is similar to an individual’s credit score and its impact on interest rates for mortgages and car loans. Wall Street (e.g., firms such as Moody’s) takes into account the financial well-being of a city when determining that city’s municipal bond rating. The city’s reserves are an important indicator of a city’s overall financial health; a city is more likely to be given a higher bond rating if it is deemed to have a healthy city fund balance. Other indicators of financial viability can include an unreserved, undesignated fund balance of approximately 20 percent, direct debt of less than 3 percent of full value, per capita income of approximately \$25,000, and a tax collection rate for the previous three years of greater than 95 percent.

A high rating for a city reflects the strength of the local economy and indicates its sound fiscal management. A high rating bolsters the confidence of other investors and its taxpaying residents. This high bond rating is significant for taxpayers as its issuance enables the city to borrow at a lower interest rate, thereby lowering the cost of municipal debt and ultimately saving the taxpayers money. While a city cannot

directly control all of the factors that are considered by Wall Street, sound financial management planning can help cities assess their financial health and anticipate future needs. A financial management plan gives cities a context for decisions and can lead to a more stable tax rate because future growth and infrastructure needs are incorporated into the plan.

Resources

Office of the State Auditor: <http://www.osa.state.mn.us/>

- Statement of Position:
http://www.osa.state.mn.us/other/Statements/fundbalances_postGASB54_1012_statement.pdf
- City finances reports: <http://www.osa.state.mn.us/list.aspx?get=4>

League of Minnesota Cities

<http://www.lmc.org>

Contact with questions:

Rachel Walker
651-281-1236
rwalker@lmc.org

Gary Carlson
651-281-1255
gcarlson@lmc.org

Lena Gould
651-281-1245
lgould@lmc.org



City of Windom Staff Report

To: Mayor and Windom City Council
From: Drew Hage, EDA Executive Director
Council Meeting Date: November 1, 2016
Item Title/Subject: Rank the Windom Active Living Plan Goals and Strategies

Background:

The City of Windom received funding from Des Moines Valley Health and Human Service's Community Wellness Grant to develop an Active Living Plan. The Windom EDA worked with DVHHS and community members to develop an Active Living Plan for Windom. The first step was to ask community members to use an online input tool (Wikimapping) to identify walking and biking issues in Windom. This included: barriers to walking and biking, problem intersections, areas that need bike parking, routes you would like to use, existing routes and destinations, locations that need a bench for resting, areas where lighting is poor, and other issues that make walking and biking less convenient and safe. The second step was to discuss these issues and other issues identified at the two community meetings. The third step was a second survey to gather more information.

The two online surveys provided a way for community members to participate without attending the two community meetings. All of this information was summarized in the Windom Active Living Plan. Goals and strategies were developed to address a number of the issues that were identified.

The first community meeting was held at the Windom Community Center on July 11, 2016, from 7pm to 8:30pm. The second community meeting was held at City Hall on August 1, 2016, from 8pm to 9:15pm. The EDA presented the Windom Active living Plan to the Park and Recreation Commission on October 12, 2016.

Attached is a Ranking Sheet for the Plan's Goals and Strategies. At the Council Meeting, I will explain the Ranking Sheet in more detail.

The City Council's ranking will be combined with the Park and Recreation Commission's ranking. An electronic ranking sheet will be provided via email after the Council Meeting.

Requested Action: Rank the Windom Active Living Plan Goals and Strategies.

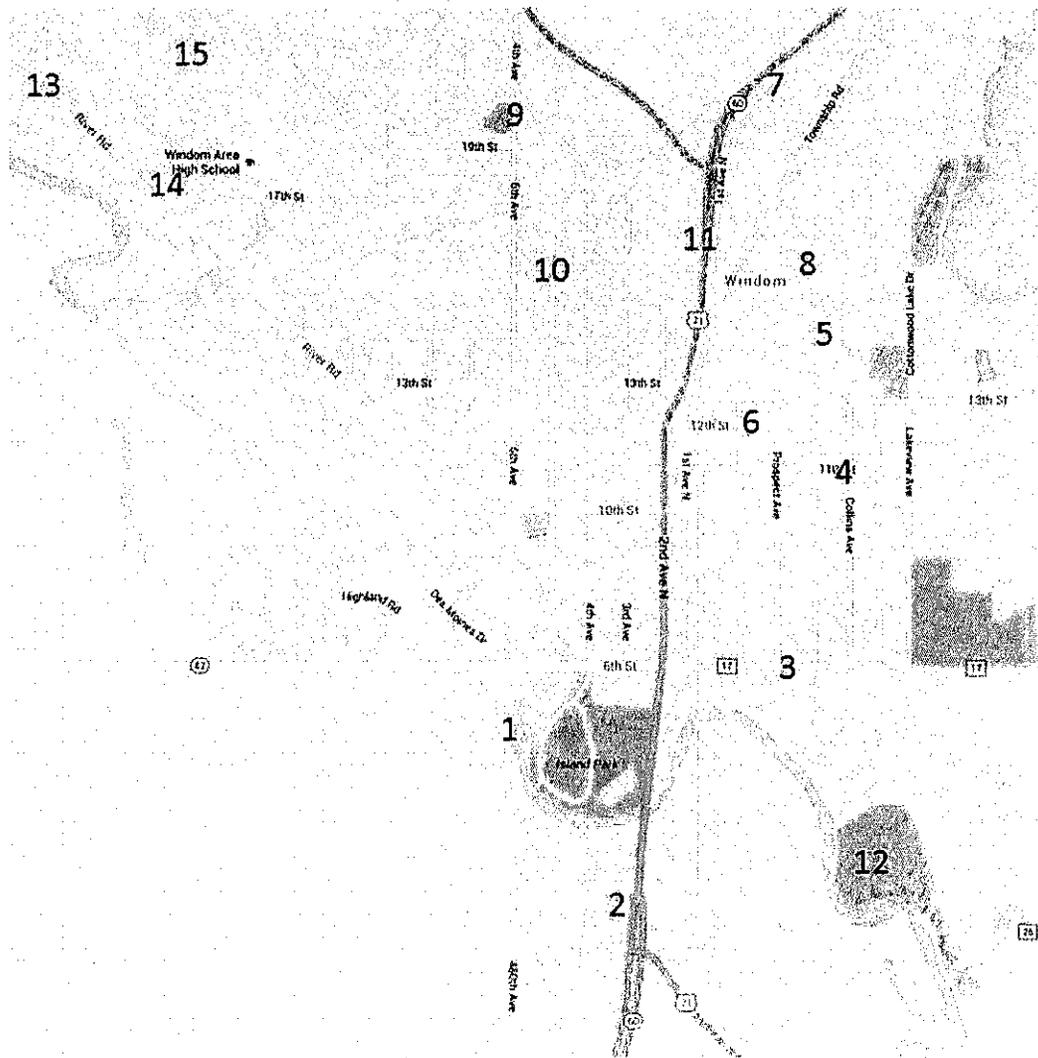
Respectfully submitted,

Drew Hage, EDA Executive Director

Attachment

Critical Sidewalk Gap - Ranking Sheet

Sidewalk Gap #	Location	Priority Rank
1	6th Avenue South Sidewalk Gap	
	Highway 60/71 Pedestrian Connectivity - 3rd Avenue South &	
2	Cindy Street Sidewalk Gap	
3	6th Street Sidewalk Gap	
4	Collins Avenue Sidewalk Gap	
5	Windom Regional Recreation Area Sidewalk Gap	
6	12th Street Sidewalk Gap	
7	Highway 60 Pedestrian Connectivity - 1st Ave North Sidewalk Gap	
8	16th Street Sidewalk Gap	
9	Abby Park Neighborhood Sidewalk Gap	
10	16th Street Safe Route to School	
11	Midblock Crossing - Highway 60/71	
12	Mayflower Park Recreation Trail	
13	Windom Bike Loop - River Road Loop	
14	15th Avenue Safe Route to School	
15	Windom High School/Middle School - Safe Routes to School Trail	



Wide Paved Shoulder Needed - Ranking Sheet

Sidewalk Gap #	Location	Priority Rank
1	Highway 62 to String Lakes	
2	River Road - County Road 17 - Highway 71 Loop	
3	Bingham Lake Connection	
4	Wolf Lake Recreational Area Connection (CR 17)	
5	Des Moines River Valley State Trail	

Non-infrastructure Goals & Strategies

- 1 Windom Water Trail
- 2 Curb Extensions - General
- 3 Parklet(s) on the Square
- 4 Crossing Safety - Highway 62 & 4th Avenue
- 5 Stop Bars on Highway 60/71
- 6 Road Art / Crosswalk Painting
- 7 Sidewalk Maintenance
- 8 Stop for Pedestrian Signs
- 9 Paved Shoulders, Fog Lines & Center Striping
- 10 River Road Maintenance - paved shoulders, fog lines & center striping
- 11 Park Map
- 12 Curb Extensions - Winfair Elementary
- 13 Creative Ideas - Parks & Recreation / Active Living
- 14 Problem Intersections
- 15 Regional park Designation
- 16 Pedestrian Lighting



City of Windom Staff Report

To: Mayor and Windom City Council
From: Drew Hage, EDA Executive Director
Council Meeting Date: November 1, 2016
Item Title/Subject: **Workforce Housing Grant Application (Multi-Family Housing)**

Background:

A Comprehensive Housing Study was completed for the City of Windom in May 2014. The housing study identified the need for approximately 130 new housing units in Windom from 2014 to the end of the decade. The housing study was completed before Prime Pork and Fast Global Solution's expansion.

The City Council and EDA Board have directed EDA staff to work on incentivizing new housing developments. The EDA has been working with a developer on a potential 44-unit "market rate" apartment project (not income qualifying). The developer is interested in Windom. However, to make an apartment project cash flow, incentives are needed. The developer was interested in publicly-owned parcels, since the city or other public entity could help buy down the total project costs.

Five parcels were originally shown to the developer. All of these parcels were not publicly-owned. Two of the parcels are located by the Community Center. Additional information is being obtained and should be available by the time of the City Council Meeting. These two parcels will be discussed at the November 1st Council Meeting.

Windom Housing Study:

Market Rate / Affordable Rental Summary

- ▶ Of 137 units surveyed, six units were vacant, for a vacancy rate of 4.3%. This is low as the industry standard for a stabilized rental market is a 5% vacancy rate. According to managers and owners, vacancies are typically leased quickly due to strong demand.
- ▶ Seven of the 212 subsidized units were vacant, for a vacancy rate of 3.3%. According to managers, the vacancies are largely due to normal turnover, as some of the properties maintain a waiting list of prospective residents.

A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Windom, only a couple vacant rental units were found – indicating pent-up demand. There are an estimated 575 multifamily housing units in Windom. With a current 3.7% vacancy rate, there are only about 21 vacant units available among all types, which do not provide much choice for potential new renters. To reach a 5% vacancy rate, the industry standard for a healthy rental market, about 29 units would need to be available. Thus, pent-up demand is calculated for eight additional rental units in Windom.

Attachment: Refer to the attachment for pictures of the parcels.

The EDA has an opportunity to apply for a Workforce Housing Grant through the Minnesota Department of Employment and Economic Development (DEED) to assist with this potential project. However, the deadline for submission of the Application is November 10, 2016. EDA staff is requesting direction as to whether to apply for this grant.

Requested Action: Consensus to move forward with a Workforce Housing Grant through DEED.

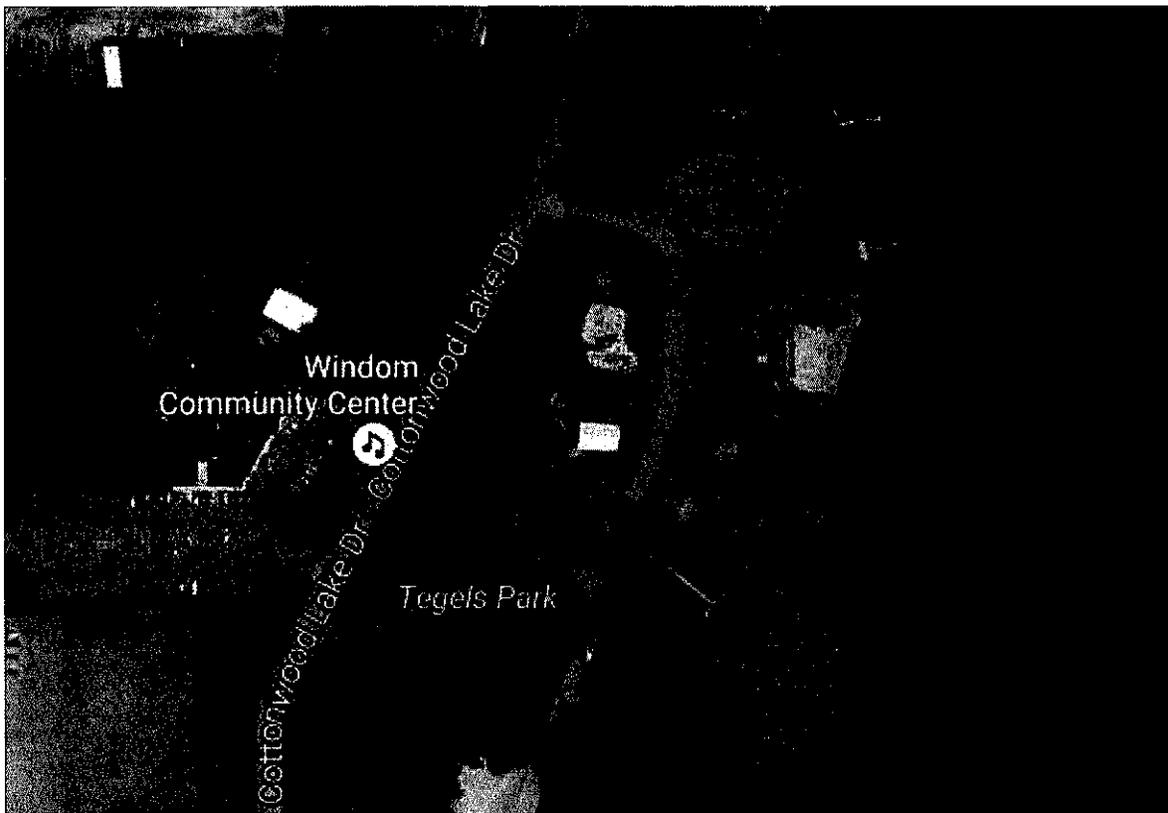
Respectfully submitted,



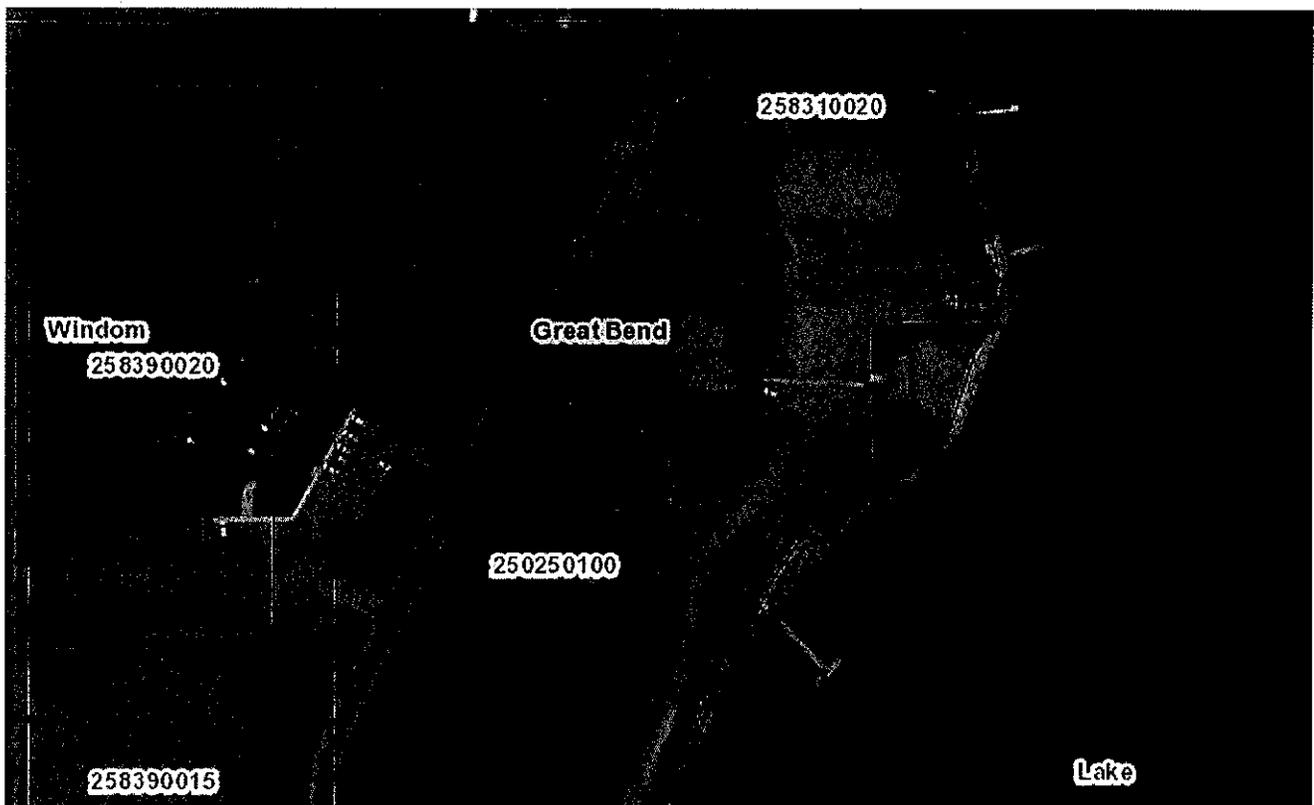
Drew Hage, EDA Executive Director

Attachments

City Owned Property
Cottonwood Lake Drive
Total Property: 58 acres
Buildable: 1.7 acres



City Owned Property
Cottonwood Lake Drive
Total Property: 58 acres
Buildable: 1.7 acres



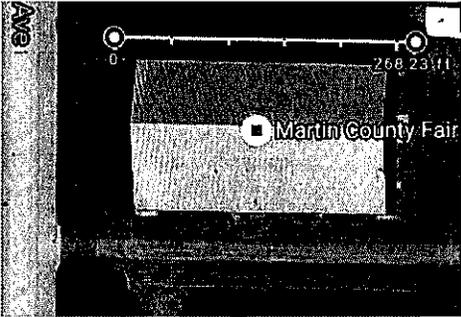
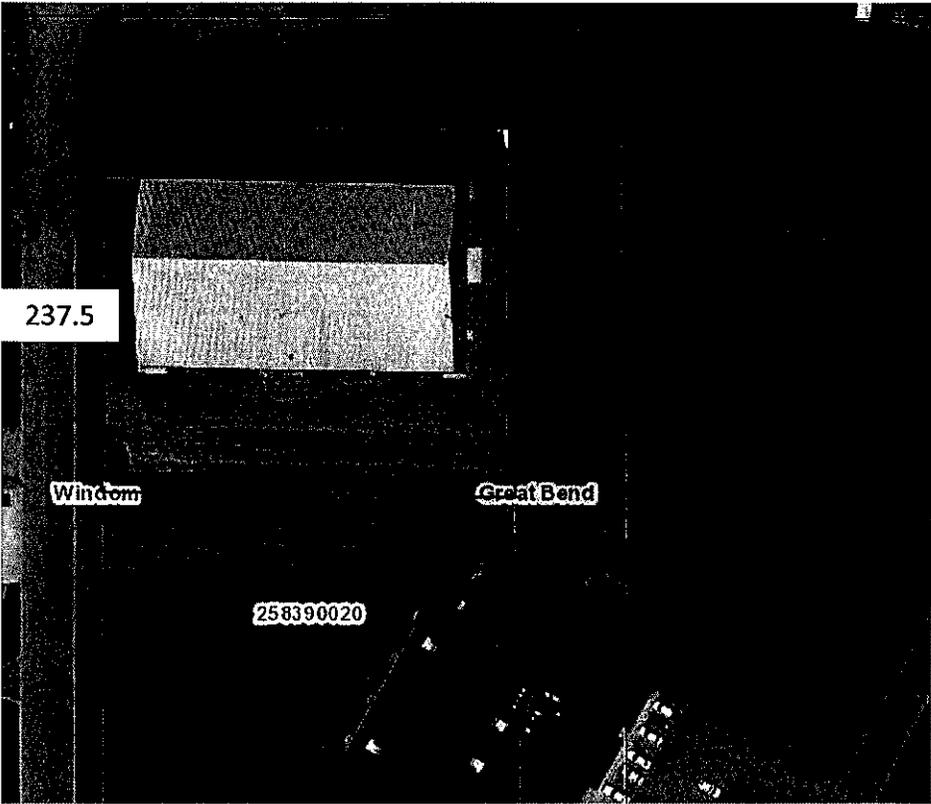
Buffer: .8 acres
Patio to Property Line: roughly 115 feet



Potential Arena
Total Property: 1.5 acres

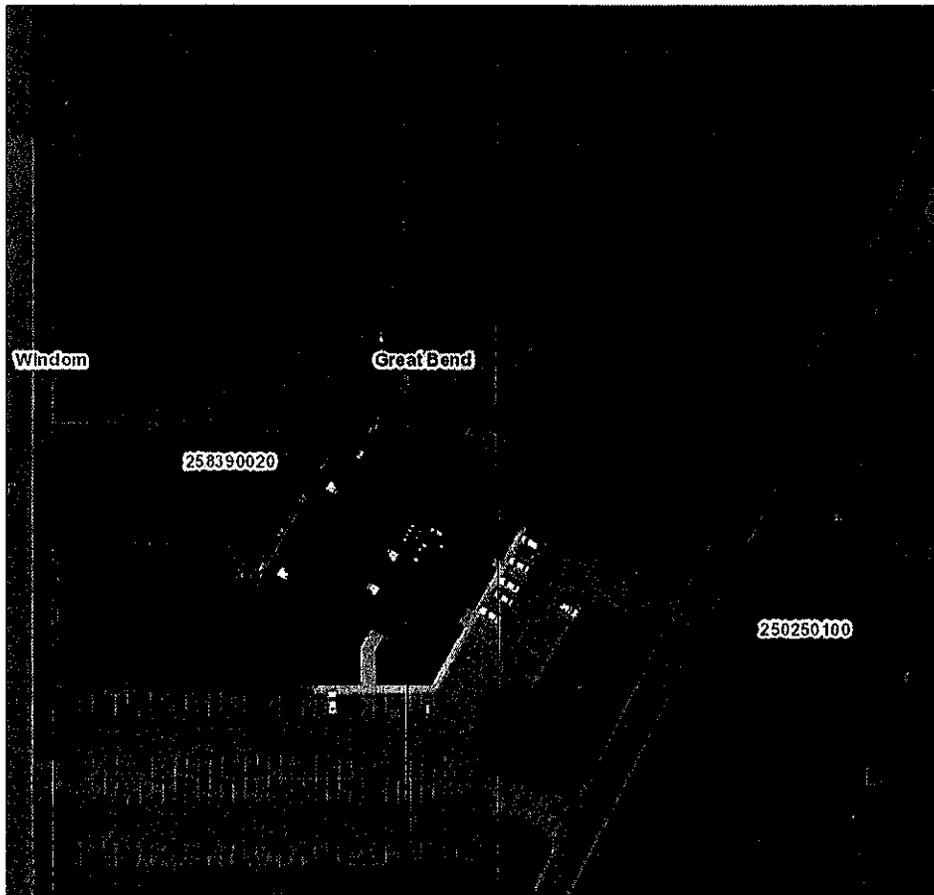


Potential Arena
Total Property: 1.5 acres



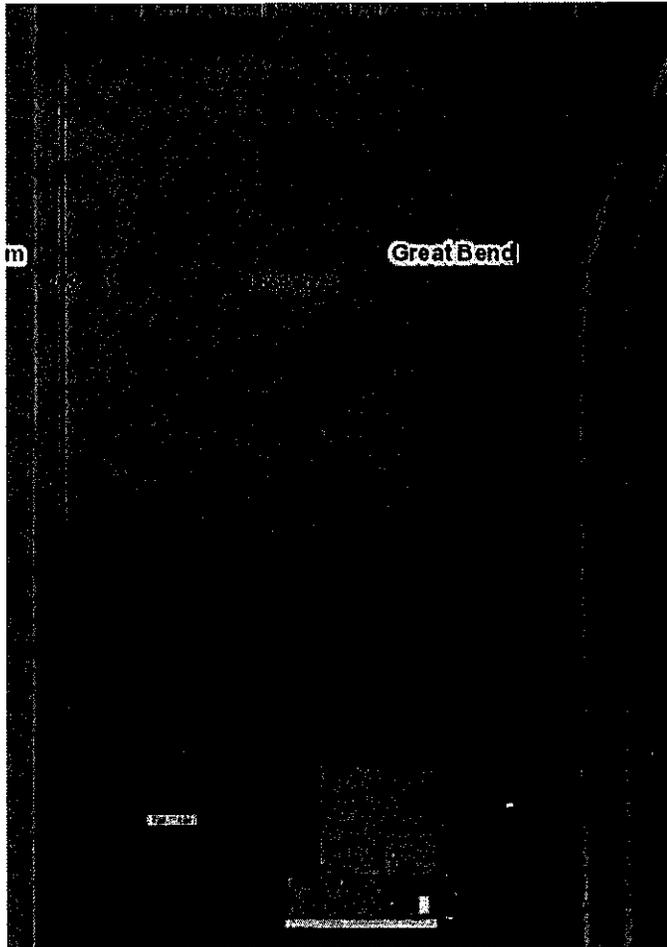
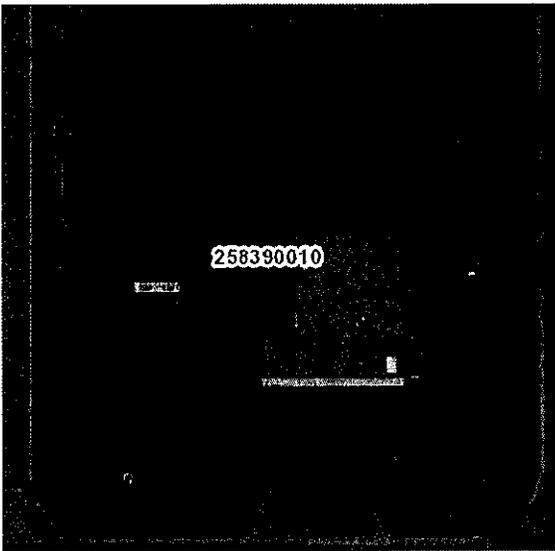
Martin County Arena

Potential Community Center Expansion
Total Property: .7 acres



Potential Community Center Expansion
or New Development
Total Property: 1.9 acres

Water Treatment Plant Expansion
North Property: .8 acres



City Council Meeting
Windom City Hall, Council Chambers
March 6, 2007
7:30 p.m.

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

2. Roll Call: Mayor Pro Tem: Bradley Powers

Council Members: Jean Fast, Kirby Kruse, Bob Messer and JoAnn Ray

Council Members Absent: Mayor Tom Riordan

City Staff Present: Steve Nasby, City Administrator; Bruce Caldwell, Street Superintendent; Jim Kartes, Zoning Administrator; Dennis Johnson, City Engineer; Brad Bussa, Community Center Director; Dan Fossing, Fire Chief; Dan Ortman, Assistant Fire Chief; and Terry Glidden, Telecom

Public: Dirk Abraham and Rahn Larsen

3. Pledge of Allegiance

4. Approval of Minutes:

Ray noted that it was "Scott Veenker" present at the meeting and not "Shawn Veenker".

Motion by Messer, second by Kruse, to approve the Council minutes from February 20, 2007 as corrected. Motion carried 5 - 0.

5. Consent Agenda:

- Receipt of Board & Commission Minutes
 - a. EDA Commission – February 15, 2007
 - b. Utility Commission – February 16, 2007
 - c. Street Committee – February 19, 2007
 - d. EDA Commission – February 26, 2007
 - e. Community Center Commission – February 26, 2007
 - f. Planning Commission – February 27, 2007
- Correspondence
 - a. Ray Watershed Group – Drainage Tile (reply included)

the RFP and thought the cost-benefit would be greater if a single site were selected versus spreading the architects time over reviewing and proposing various options for numerous sites.

Messer asked what action was needed by the Council. Nasby said that the Committee and staff would like Council's direction on the recommendation of the addition\renovation option and if that should be the only site focused on in the RFP.

Motion by Kruse, second by Messer, to accept the Fire Department Building Committee's recommendation and approve the proposed RFP with the addition\renovation of the existing Fire Hall. Motion carried 5 - 0.

9. Community Center:

Future Use of Property

Nasby said that there was a memorandum and map containing a recommendation from the Community Center Commission in the Council packet regarding the future use of property surrounding the Community Center. He said that the City had been approached, through the EDA, by a business interested in property in the Industrial park. The EDA owns two lots on the west side of Redding Avenue and the City owns the lots on the east side of the street. Two of the City's lots are currently used by the Community Center and Water Treatment Plant. Of the two vacant City lots, one is used for overflow parking for the Community Center. The Community Center Commission recommended to the Council that it would like to retain Lot 4 in Block 1 for future expansion, but that the south half of Lot 2, Block 1 could be available for development.

Kruse said that the Water Treatment Plant may need to be expanded in the future and he would not want to land lock that property by selling a portion of Lot 2, Block 1. Messer said that the overflow parking on that lot is regularly used for Community Center events and he would not be in favor of selling it. Fast agreed with the comments presented. Powers said that it was the consensus of the Council to keep the status quo. Nasby said that no Council action was needed if there was not a change and that he would convey the Council's decision to the EDA and the business.

Donation from Roger and Ruby Benson

Powers said that the Community Center had received a gift of \$1,000 from Roger and Ruby Benson.

Fast asked if this gift would go into the capital fund started with the previous donation. Nasby said it would.

ORDINANCE No. 158, 2ND SERIES

AN ORDINANCE OF THE CITY OF WINDOM, MINNESOTA, AMENDING CITY CODE CHAPTER 33, CITY ORGANIZATIONS

**THE COUNCIL OF THE CITY OF WINDOM, MINNESOTA, ORDAINS:
TO REVISE CHAPTER 33: CITY ORGANIZATIONS AS FOLLOWS:**

SECTIONS 33.03 ENTITLED "PARK AND RECREATION COMMISSION" BY ADDING (E); AND BY REMOVING THE FOLLOWING EXISTING SECTIONS AND REPLACING THOSE SECTIONS WITH THE FOLLOWING 33.10,"MULTI-PURPOSE CENTER COMMISSION (B) (9); AND SECTION 33.11" MULTI-PURPOSE CENTER COMMISSION" (A).

City Code is amended as follows:

CHAPTER 33 – CITY ORGANIZATIONS

SECTION 33.03, ENTITLED "PARK AND RECREATION COMMISSION"

(E) The dates and times for the regular business meetings of the Commission shall be set annually by the Commission in January of each year.

SECTION 33.10, ENTITLED "MULTI-PURPOSE CENTER COMMISSION"

(B) *Officers and Proceedings.*

(9) The dates and times for the regular business meetings of the Commission shall be set annually by the Commission in January of each year.

SECTION 33.11 TELECOMMUNICATIONS COMMISSION

(A) Establishment and composition. A Telecommunications Commission is hereby established consisting of five members to be appointed by the Mayor with the consent of the Council. The Mayor will appoint at-large members to serve as members of the Commission. These five Commission appointments shall be for three-year terms. The initial term for the Commission appointed members shall be for one, two and three years, respectively. Thereafter, all Commission members shall be appointed for three-year terms. Council appointments for new and expired terms shall be made in January. Any and all of the members may be removed at any time, with or without cause, by the affirmative vote of a majority of the City Council.

Adopted by the City Council of the City of Windom, Minnesota, this 15th day of November, 2016.

Corey J. Maricle, Mayor

Attest: _____
Steven Nasby, City Administrator

1st Reading: November 1, 2016
2nd Reading: November 15, 2016
Adoption: November 15, 2016
Published: November 23, 2016

RESOLUTION #2016-

INTRODUCED:

SECONDED:

VOTED: Aye:

Nay:

Absent:

Abstained:

RESOLUTION ORDERING PREPARATION OF REPORT ON 2017 STREET IMPROVEMENT PROJECT

WHEREAS, it is required that a preliminary report be prepared for the 2017 Street Improvement Project, including replacement of water and sewer lines, curb and gutter, storm sewer and bituminous paving or concrete surfacing and sidewalks. Included in the project are Brian Avenue, 15th Avenue, 7th Avenue (22nd Street North 1 Block), 5th Avenue (11th Street to 12th Street), 7th Street (West of dead end to 3rd Avenue and Hwy 60 to 1st Avenue), Plum Avenue (6th Street 450' North), 5th Street (5th Avenue to 6th Avenue), 6th Avenue (6th Street/Hwy 62 to City limits), 16th Street (3rd Avenue east to R.O.W. Hwy 60/71), City Hall Parking lot and Alley (alley 9th Street to 10th Street between 4th and 5th Avenues), Alley (Hwy 60/71 to 3rd Ave., between 10th and 11th Streets); and

WHEREAS, it is necessary that a report be prepared concerning the feasibility and estimated costs of these improvements; and

WHEREAS, if the project is pursued, it will be necessary to assess the benefited properties for all or a portion of the costs of these improvements pursuant to Minnesota Statutes, Chapter 429.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WINDOM, MINNESOTA, AS FOLLOWS:

1. That the request for the proposed improvements be referred to DGR Engineering, for study and that said engineering firm is instructed to prepare and submit a preliminary report to the City Council at the earliest convenient date; that said report shall indicate whether the proposed improvements are necessary, cost-effective, and feasible, and whether said improvements should be made as proposed or in connection with some other improvements; and that said report shall specify the estimated costs of the improvements as recommended.

Adopted this 1st day of November, 2016.

Corey J. Maricle, Mayor

ATTEST: _____
Steven Nasby, City Administrator

RESOLUTION #2016-

INTRODUCED:

SECONDED:

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

**AUTHORIZATION TO ACCEPT A DONATION
FOR THE WINDOM AMBULANCE DEPARTMENT
IN MEMORY OF ROLAND & MABLE HACKER**

WHEREAS, Minnesota State Statute §465.03 requires that any city accepting a grant or gift of real or personal property shall accept such by resolution of the governing body expressing the terms prescribed by the donor; and

WHEREAS, Roland and Mable Hacker supported the community and promoted local philanthropy in southwest Minnesota; and

WHEREAS, the City of Windom has received a donation In Memory of Roland and Mable Hacker in the amount of \$100.00 for the Windom Ambulance Department.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the City Council accepts the donation in the amount of \$100.00 to be used by the Windom Ambulance Department.

Adopted by the Council this 1st day of November, 2016.

Corey J. Maricle, Mayor

Attest: _____
Steven Nasby, City Administrator

RESOLUTION #2016-

INTRODUCED:

SECONDED:

VOTED: Aye:
 Nay:
 Absent:

AUTHORIZATION TO ACCEPT AN ANONYMOUS DONATION FOR THE EMERGENCY SERVICES FACILITY

WHEREAS, Minnesota State Statute §465.03 requires that any city accepting a grant or gift of real or personal property shall accept such by resolution of the governing body expressing the terms prescribed by the donor; and

WHEREAS, the City of Windom has received a donation from an anonymous donor in the amount of \$500.00; and

WHEREAS, the donation requires that the funds be used for items needed for the Emergency Services Facility.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF WINDOM, MINNESOTA, that the City Council accepts the donation in the amount of \$500.00, offered by an anonymous donor, to be used for the Emergency Services Facility.

Adopted by the Council this 1st day of November, 2016.

Corey J. Maricle, Mayor

Attest: _____
Steven Nasby, City Administrator



Windom, MN

Expense Approval Report By Fund

Payment Dates 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
Fund: 100 - GENERAL					
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	100-20202	35.77
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	100-20202	9,206.39
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	100-20202	20,130.28
					<u>29,372.44</u>
Activity: 41110 - Mayor & Council					
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - MAYOR & COUN	100-41110-304	825.00
				Activity 41110 - Mayor & Council Total:	<u>825.00</u>
Activity: 41310 - Administration					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	100-41310-133	80.00
INDOFF, INC	2859800	10/03/2016	SUPPLIES	100-41310-200	174.99
STOREY KENWORTHY	PINV4295339	10/24/2016	CHECKS	100-41310-200	626.28
SELECTACOUNT	1162421	10/24/2016	PARTICIPANT FEE	100-41310-217	138.33
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - OFFICE	100-41310-217	2,291.67
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - CITY OFFIC	100-41310-322	338.79
CHELSIE CARLSON	20161018	10/19/2016	EXPENSE- TRAINING - S. FALLS	100-41310-331	98.28
CHELSIE CARLSON	20161018	10/19/2016	EXPENSE- TRAINING - S. FALLS	100-41310-334	6.40
				Activity 41310 - Administration Total:	<u>3,754.74</u>
Activity: 41410 - Elections					
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - ELECTIONS	100-41410-480	20.88
				Activity 41410 - Elections Total:	<u>20.88</u>
Activity: 41910 - Building & Zoning					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	100-41910-133	24.00
INDOFF, INC	2862805	10/12/2016	SUPPLIES	100-41910-200	41.40
CENTURY BUSINESS PRODUCT	345029	10/12/2016	SUPPLIES	100-41910-200	54.88
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - PZ	100-41910-304	450.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - P & Z	100-41910-322	23.70
MN DEPT OF LABOR & INDUS	25813033125	10/19/2016	QUART BLDG PERMIT SURCH	100-41910-443	1,019.92
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - P & Z	100-41910-480	687.50
				Activity 41910 - Building & Zoning Total:	<u>2,301.40</u>
Activity: 41940 - City Hall					
MN ENERGY RESOURCES	20161011	10/17/2016	HEATING - #0505105084	100-41940-383	149.15
HOMETOWN SANITATION SER	0000207722	10/03/2016	GARBAGE SERVICE - CITY HAL	100-41940-384	85.04
				Activity 41940 - City Hall Total:	<u>234.19</u>
Activity: 42120 - Crime Control					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	100-42120-133	160.00
INDOFF, INC	2859794	10/04/2016	SUPPLIES	100-42120-200	63.45
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - POLICE	100-42120-304	3,892.50
VERIZON WIRELESS	9773283659	10/18/2016	SERVICE FOR LAP TOPS	100-42120-321	243.53
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	100-42120-325	275.00
LEASE FINANCE PARTNERS	20161020	10/25/2016	SERVICE	100-42120-326	433.00
WINDOM QUICK PRINT	20160817	10/25/2016	SUPPLIES	100-42120-350	63.30
NORTHERN SAFETY TECHNOL	42122	10/06/2016	MAINTENANCE	100-42120-404	410.64
WINDOM TOWING CO	2031	10/18/2016	SERVICE	100-42120-405	154.75
WINDOM TOWING CO	2035	10/18/2016	SERVICE	100-42120-405	133.38
WINDOM TOWING CO	2041	10/18/2016	SERVICE	100-42120-405	134.75
HIGLEY FORD	76209A	10/17/2016	SERVICE	100-42120-405	83.62
COTTONWOOD CO AUD/TREA	101316	10/18/2016	RENT - NOV 2016	100-42120-412	1,850.00
FLEET SERVICES DIVISION	2017030003	10/18/2016	SERVICE	100-42120-419	1,679.70
				Activity 42120 - Crime Control Total:	<u>9,577.62</u>
Activity: 42220 - Fire Fighting					
INDOFF, INC	2861086	10/05/2016	SUPPLIES	100-42220-200	19.29

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
ALEX AIR APPARATUS, INC	30882	10/11/2016	MATERIALS & EQUIPMENT	100-42220-215	31.00
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - FIRE	100-42220-304	345.00
VERIZON WIRELESS	9773283659	10/18/2016	SERVICE FOR LAP TOPS	100-42220-321	21.14
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - FIRE	100-42220-322	6.60
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	100-42220-325	212.50
VERIZON WIRELESS	9773283659	10/18/2016	SERVICE FOR LAP TOPS	100-42220-326	10.02
DERICKSON BROS CONSTRUC	865	10/26/2016	MAINTENANCE	100-42220-405	190.48
EMERGENCY APPARATUS MAI	89262	10/07/2016	MAINTENANCE	100-42220-405	1,246.51
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - EMERGENCY SER	100-42220-439	915.00
Activity 42220 - Fire Fighting Total:					2,997.54
Activity: 42500 - Civil Defense					
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	100-42500-325	12.50
Activity 42500 - Civil Defense Total:					12.50
Activity: 43100 - Streets					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	100-43100-133	80.00
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - STREET	100-43100-217	2,291.67
GDF ENTERPRISES, INC	A10940	10/18/2016	OPERATING SUPPLIES	100-43100-217	149.50
DUNNUINCK INC	524125	10/12/2016	MAINTENANCE - MATERIALS	100-43100-224	1,661.35
DUNNUINCK INC	524212	10/12/2016	MAINTENANCE - MATERIALS	100-43100-224	1,276.64
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - STREET	100-43100-322	0.95
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	100-43100-325	125.00
MN ENERGY RESOURCES	20161011A	10/17/2016	HEATING #0505064121	100-43100-383	61.90
HOMETOWN SANITATION SER	0000207723	10/03/2016	GARBAGE SERVICE - STREET D	100-43100-384	84.73
HOMETOWN SANITATION SER	0000207724	10/03/2016	GARBAGE SERVICE - SQUARE	100-43100-384	46.12
Activity 43100 - Streets Total:					5,777.86
Activity: 43210 - Sanitation					
WAYNE ERICKSON	20161019	10/19/2016	COMPOST SITE MANAGER	100-43210-307	184.50
Activity 43210 - Sanitation Total:					184.50
Activity: 45120 - Recreation					
DEVIN NIELSEN	20161024	10/24/2016	EXPENSE- UMPIRE	100-45120-215	50.00
Activity 45120 - Recreation Total:					50.00
Activity: 45202 - Park Areas					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	100-45202-133	16.00
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	100-45202-325	37.50
HOMETOWN SANITATION SER	0000207732	10/03/2016	ISLAND PARK	100-45202-384	85.70
HOMETOWN SANITATION SER	0000207733	10/03/2016	GARBAGE SERVICE - TEGELS P	100-45202-384	37.00
HOMETOWN SANITATION SER	0000207735	10/03/2016	GARBAGE SERVICE - KASTLE KI	100-45202-384	25.00
HOMETOWN SANITATION SER	0000207742	10/03/2016	GARBAGE SERVICE - MAYFLO	100-45202-384	35.10
SPOHN RANCH, INC.	WM001	10/24/2016	MAINTENANCE- SKATE PARK R	100-45202-404	1,248.78
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - PARKS	100-45202-480	458.33
Activity 45202 - Park Areas Total:					1,943.41
Fund 100 - GENERAL Total:					57,052.08
Fund: 211 - LIBRARY					
Activity: 45501 - Library					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	211-45501-133	16.00
MN ENERGY RESOURCES	20161010A	10/19/2016	HEATING #0504542703	211-45501-383	69.75
MN SPORTSMAN	20161024	10/24/2016	SUBSCRIPTION	211-45501-433	40.00
SMITHSONIAN	20161024	10/24/2016	SUBSCRIPTION #2938220593	211-45501-433	38.00
EARLY AMERICAN LIFE	20161024	10/24/2016	SUBSCRIPTION	211-45501-433	50.00
MICROMARKETING	641965	10/19/2016	BOOKS	211-45501-435	35.00
MICROMARKETING	642434	10/26/2016	BOOKS	211-45501-435	79.99
MICROMARKETING	642920	10/24/2016	BOOKS	211-45501-435	24.99
Activity 45501 - Library Total:					353.73
Fund 211 - LIBRARY Total:					353.73
Fund: 225 - AIRPORT					
Activity: 45127 - Airport					
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - AIRPORT	225-45127-217	20.86

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
SOUTHWEST MN BROADBAN	20161014	10/24/2016	SERVICE #WIND0010018	225-45127-321	26.50
DC CONSTRUCTION SUPPLY	1610-606202	10/24/2016	AIRPORT RUNWAY REPAIRS	225-45127-406	235.66
				Activity 45127 - Airport Total:	283.02
				Fund 225 - AIRPORT Total:	283.02

Fund: 230 - POOL

Activity: 45124 - Pool					
MN DEPT OF LABOR & INDUS	ABR01481481	10/24/2016	WINDOM SWIM POOL #1114	230-45124-217	10.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - POOL	230-45124-322	9.49
WINDOM PAINTING	20161003	10/24/2016	MAINTENANCE	230-45124-401	450.00
				Activity 45124 - Pool Total:	469.49
				Fund 230 - POOL Total:	469.49

Fund: 235 - AMBULANCE

Activity: 42153 - Ambulance					
BOUND TREE MEDICAL, LLC	82284281	10/03/2016	SUPPLIES	235-42153-217	335.33
BOUND TREE MEDICAL, LLC	82290224	10/11/2016	SUPPLIES	235-42153-217	262.35
ROBIN SHAW	20161019	10/19/2016	EXPENSE-MILEAGE-CLOTHING	235-42153-218	29.67
WINDOM AREA HOSPITAL	734-0024-09-2016-24	10/19/2016	NURSING SERVICE	235-42153-312	381.89
VERIZON WIRELESS	9773283659	10/18/2016	SERVICE FOR LAP TOPS	235-42153-321	123.49
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - AMBULAN	235-42153-322	48.75
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	235-42153-325	200.00
EXPERT T BILLING	3110	10/17/2016	SERVICE	235-42153-326	1,404.00
REAL TIME TRANSLATION, INC	109499	10/19/2016	SERVICE	235-42153-327	34.00
ROBIN SHAW	20161019	10/19/2016	EXPENSE-MILEAGE-CLOTHING	235-42153-331	56.70
ROBIN SHAW	20161019	10/19/2016	EXPENSE-MILEAGE-CLOTHING	235-42153-334	32.20
KIM POWERS	20161024	10/24/2016	EXPENSE	235-42153-334	31.57
BUCKWHEAT JOHNSON	20161024	10/24/2016	EXPENSE	235-42153-334	15.05
JUSTIN HARRINGTON	20161024	10/24/2016	EXPENSE	235-42153-334	99.37
MN REVENUE	20161013	10/17/2016	MN CARE TAX - Q3 ESTIMATE	235-42153-460	1,941.84
				Activity 42153 - Ambulance Total:	4,996.21
				Fund 235 - AMBULANCE Total:	4,996.21

Fund: 250 - EDA GENERAL

Activity: 46520 - EDA					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	250-46520-133	8.00
CENTURY BUSINESS PRODUCT	345029	10/12/2016	SUPPLIES	250-46520-200	170.76
BRADLEY & DEIKE, P.A.	35504	10/24/2016	SERVICE	250-46520-304	60.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - EDA	250-46520-322	160.33
INNOVATIVE SYSTEMS	29826	10/07/2016	INSERTS	250-46520-350	76.71
MN ENERGY RESOURCES	20161011D	10/19/2016	HEATING #0503326955 - WIN	250-46520-383	40.55
SUBWAY	813087	10/24/2016	EXPENSE -	250-46520-438	37.41
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - EDA	250-46520-480	687.50
				Activity 46520 - EDA Total:	1,241.26
				Fund 250 - EDA GENERAL Total:	1,241.26

Fund: 252 - EDA SCDP

Activity: 46520 - EDA					
HOUSING & REDEVELOPMEN	20161024	10/24/2016	GRANT-CDAP-15-0003-0-FY16	252-46520-491	217,078.30
				Activity 46520 - EDA Total:	217,078.30
				Fund 252 - EDA SCDP Total:	217,078.30

Fund: 401 - GENERAL CAPITAL PROJECTS

Activity: 49950 - Capital Outlay					
DGR ENGINEERING	00221164	10/18/2016	2017 STREET IMPROVEMENTS	401-49950-503	6,582.28
				Activity 49950 - Capital Outlay Total:	6,582.28
				Fund 401 - GENERAL CAPITAL PROJECTS Total:	6,582.28

Fund: 601 - WATER

Activity: 49400 - Water					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	601-49400-133	40.00
HAWKINS, INC	3958735	10/05/2016	CHEMICALS	601-49400-216	3,991.38

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
WORTHINGTON DAILY GLOBE	20161014	10/18/2016	SUBSCRIPTION #177926871	601-49400-217	88.07
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - WATER	601-49400-217	1,375.00
GOPHER STATE ONE CALL	6090807	10/04/2016	LOCATES	601-49400-321	30.04
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - WATER	601-49400-322	68.05
INNOVATIVE SYSTEMS	29826	10/07/2016	POSTAGE	601-49400-322	239.06
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	601-49400-325	100.00
INNOVATIVE SYSTEMS	29482	10/03/2016	BILLING SYSTEM MAINTENAN	601-49400-326	760.50
INNOVATIVE SYSTEMS	29738	10/06/2016	BILLING SYSTEM SOFTWARE S	601-49400-326	517.50
INNOVATIVE SYSTEMS	29826	10/07/2016	PROCESSING	601-49400-326	211.37
MN ENERGY RESOURCES	20161012A	10/18/2016	HEATING #0505923431	601-49400-383	382.10
HOMETOWN SANITATION SER	0000207726	10/04/2016	GARBAGE SERVICE - WASTE	601-49400-384	85.04
CALIFORNIA CONTRACTORS S	T41116	10/11/2016	MAINTENANCE	601-49400-404	241.73
AMUNDSON DIG	10051601	10/26/2016	MAINTENANCE	601-49400-408	505.00
DAKOTA SUPPLY GROUP	C480490	10/21/2016	SUPPLIES ORDERED FOR PRIM	601-49400-480	5,919.14
DAKOTA SUPPLY GROUP	C508057	10/21/2016	SUPPLIES ORDERED FOR FULD	601-49400-480	1,055.00
DAKOTA SUPPLY GROUP	C508061	10/21/2016	SUPPLIES ORDERED FOR FULD	601-49400-480	53.69
Activity 49400 - Water Total:					15,662.67
Fund 601 - WATER Total:					15,662.67

Fund: 602 - SEWER

Activity: 49450 - Sewer

NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	602-49450-133	56.00
EXPRESSWAY WINDOM	8066	10/18/2016	FUEL	602-49450-212	11.51
HAWKINS, INC	3958746	10/12/2016	CHEMICALS	602-49450-216	598.50
WORTHINGTON DAILY GLOBE	20161014	10/18/2016	SUBSCRIPTION #177926871	602-49450-217	88.08
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - SEWER	602-49450-217	1,375.00
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - SEWER	602-49450-304	1,951.00
MN VALLEY TESTING	829425	10/04/2016	TESTING	602-49450-310	38.40
MN VALLEY TESTING	829679	10/04/2016	TESTING	602-49450-310	158.00
MN VALLEY TESTING	830079	10/04/2016	TESTING	602-49450-310	238.00
MN VALLEY TESTING	830370	10/04/2016	TESTING	602-49450-310	133.00
MN VALLEY TESTING	830611	10/05/2016	TESTING	602-49450-310	158.00
MN VALLEY TESTING	830618	10/05/2016	TESTING	602-49450-310	70.60
MN VALLEY TESTING	831276	10/12/2016	TESTING	602-49450-310	85.00
MN VALLEY TESTING	831277	10/12/2016	TESTING	602-49450-310	238.00
GOPHER STATE ONE CALL	6090807	10/04/2016	LOCATES	602-49450-321	30.04
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - SEWER	602-49450-322	68.05
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - SEWER	602-49450-322	6.98
INNOVATIVE SYSTEMS	29826	10/07/2016	POSTAGE	602-49450-322	239.05
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	602-49450-325	100.00
INNOVATIVE SYSTEMS	29482	10/03/2016	BILLING SYSTEM MAINTENAN	602-49450-326	760.50
INNOVATIVE SYSTEMS	29738	10/06/2016	BILLING SYSTEM SOFTWARE S	602-49450-326	517.50
INNOVATIVE SYSTEMS	29826	10/07/2016	PROCESSING	602-49450-326	211.35
MN ENERGY RESOURCES	20161011B	10/18/2016	HEATING #0506746718	602-49450-383	19.79
MN ENERGY RESOURCES	20161011C	10/18/2016	HEATING #0506646838	602-49450-383	76.98
MN ENERGY RESOURCES	20161012	10/12/2016	HEATING #0504488160	602-49450-383	25.29
FERGUSON ENTERPRISES, INC	4278445	10/18/2016	MAINTENANCE	602-49450-404	212.29
CALIFORNIA CONTRACTORS S	T41116	10/11/2016	MAINTENANCE	602-49450-404	241.73
BOLTON & MENK, INC.	0195195	10/17/2016	WINDOM-MPCA NITRATE PIL	602-49450-439	46,826.29
Activity 49450 - Sewer Total:					54,534.93
Fund 602 - SEWER Total:					54,534.93

Fund: 604 - ELECTRIC

DAKOTA SUPPLY GROUP	C491256	10/03/2016	INVENTORY -	604-14200	35.54
DAKOTA SUPPLY GROUP	C491256	10/03/2016	INVENTORY -	604-14200	438.27
DAKOTA SUPPLY GROUP	C491256	10/03/2016	INVENTORY -	604-14200	982.53
DAKOTA SUPPLY GROUP	C491258	10/03/2016	ELECTRIC INVENTORY	604-14200	327.51
UTILITIES PLUS ENERGY SERVI	11173	10/12/2016	SUBSTATION	604-16300	11,092.00
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	604-20202	44.72
					12,920.57

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
Activity: 49550 - Electric					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	604-49550-133	96.00
OFFICE DEPOT	872068219001	10/19/2016	SUPPLIES	604-49550-200	84.78
OFFICE DEPOT	872068439001	10/19/2016	SUPPLIES	604-49550-200	8.22
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - ELECTRIC	604-49550-217	2,750.00
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	JOB TRAINING SAFETY	604-49550-217	2,400.00
BORDER STATES	912011657	10/19/2016	UNIFORMS	604-49550-218	132.86
DEPARTMENT OF ENERGY	BFPB000800916	10/12/2016	POWER COST	604-49550-263	111,914.78
GOPHER STATE ONE CALL	6090807	10/04/2016	LOCATES	604-49550-321	30.04
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - ELECTRIC	604-49550-322	28.29
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - ELECTRIC	604-49550-322	70.11
INNOVATIVE SYSTEMS	29826	10/07/2016	POSTAGE	604-49550-322	239.06
COTTONWOOD CO AUD/TREA	101316	10/18/2016	DISPATCHING - NOV 2016	604-49550-325	187.50
GOLDEN WEST TECH & INT SO	160910456	10/04/2016	SERVICE	604-49550-325	52.50
INNOVATIVE SYSTEMS	29482	10/03/2016	BILLING SYSTEM MAINTENAN	604-49550-326	1,521.00
INNOVATIVE SYSTEMS	29738	10/06/2016	BILLING SYSTEM SOFTWARE S	604-49550-326	223.90
INNOVATIVE SYSTEMS	29826	10/07/2016	PROCESSING	604-49550-326	211.37
MN ENERGY RESOURCES	20161012C	10/19/2016	HEATING #0506419706	604-49550-383	49.49
HOMETOWN SANITATION SER	0000207727	10/04/2016	GARBAGE SERVICE - ELECTRIC	604-49550-384	84.75
MELVIN DUERKSEN, CONTRAC	2016100616	10/19/2016	MAINTENANCE	604-49550-402	680.00
RAGE INC	09-012332	10/04/2016	SERVICE - POWER PLANT	604-49550-406	34.17
RAGE INC	10-010978	10/19/2016	SERVICE - POWER PLANT	604-49550-406	34.17
RESCO	660130-00	10/24/2016	MAINTENANCE	604-49550-408	200.00
DAKOTA SUPPLY GROUP	C500193	10/04/2016	MAINTENANCE - METERS	604-49550-408	1,320.00
DAKOTA SUPPLY GROUP	C537741	10/19/2016	MAINTENANCE	604-49550-408	325.23
DAKOTA SUPPLY GROUP	C537806	10/19/2016	CREDIT - MAINTENANCE	604-49550-408	-342.17
CMMPA - CENTRAL MINNESO	05671	10/19/2016	CIP FEE	604-49550-450	1,419.00
CMMPA - CENTRAL MINNESO	05683	10/19/2016	ENERGY	604-49550-450	47,154.84
CMMPA - CENTRAL MINNESO	05683	10/19/2016	TRANSMISSION	604-49550-450	101,273.83
ALLEN DUNCAN	20161021	10/21/2016	ENERGY REBATE	604-49550-450	150.00
RUTH WOHLFEIL	20161024	10/24/2016	ENERGY REBATE	604-49550-450	150.00
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	604-49550-460	19.24
BANK MIDWEST	20161026	10/26/2016	NSF - TRAVIS CAMBELL - AUT	604-49550-480	263.69
BANK MIDWEST	20161026	10/26/2016	NSF - TRAVIS CAMBELL - AUT	604-49550-480	250.52

Activity 49550 - Electric Total: 273,017.17

Fund 604 - ELECTRIC Total: 285,937.74

Fund: 609 - LIQUOR STORE

FREDIN CONSTRUCTION/CABI	20161017	10/24/2016	MAINTENANCE - BUILDINGS	609-16200	233.44
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	609-20202	13,405.00
DOLL DISTRIBUTING, LLC	687755	10/17/2016	MERCHANDISE	609-37899	-60.00
					13,578.44

Activity: 49751 - Liquor Store

NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	609-49751-133	32.00
DACOTAH PAPER CO	50928	10/21/2016	SUPPLIES	609-49751-200	104.78
DACOTAH PAPER CO	6942	10/21/2016	CREDIT - SUPPLIES	609-49751-200	-52.39
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - LIQUOR	609-49751-217	458.33
DACOTAH PAPER CO	54505	10/19/2016	SUPPLIES	609-49751-217	52.39
VINOCOPIA, INC	0163018-IN	10/26/2016	MERCHANDISE	609-49751-251	360.50
BREAKTHRU BEVERAGE MN	1080536956	10/19/2016	MERCHANDISE	609-49751-251	1,321.24
SOUTHERN GLAZER'S OF MN	1458324	10/04/2016	MERCHAMDIS	609-49751-251	2,217.25
PHILLIPS WINE & SPIRITS	2052697	10/12/2016	MERCHANDISE	609-49751-251	4,027.24
JOHNSON BROS.	5549704	10/03/2016	MERCHANDISE	609-49751-251	1,313.71
BELLBOY CORP	55548000	10/04/2016	MERCHANDISE	609-49751-251	308.50
JOHNSON BROS.	5555647	10/17/2016	MERCHANDISE	609-49751-251	1,419.05
JOHNSON BROS.	594315	10/24/2016	CREDIT - MERCHANDISE	609-49751-251	-821.49
JOHNSON BROS.	594316	10/24/2016	CREDIT - MERCHANDISE	609-49751-251	-1,008.70
BREAKTHRU BEVERAGE MN	1080536957	10/19/2016	MERCHANDISE	609-49751-252	27.70
JOHNSON BROS.	5549706	10/03/2016	MERCHANDISE	609-49751-252	21.99
BEVERAGE WHOLESALERS	621507	10/19/2016	MERCHANDISE	609-49751-252	7,886.25

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
BEVERAGE WHOLESALERS	622459	10/19/2016	MERCHANDISE	609-49751-252	3,054.70
BEVERAGE WHOLESALERS	623430	10/21/2016	MERCHANDISE	609-49751-252	4,235.40
DOLL DISTRIBUTING, LLC	685488	10/24/2016	MERCHANDISE	609-49751-252	1,108.80
DOLL DISTRIBUTING, LLC	687755	10/17/2016	MERCHANDISE	609-49751-252	5,916.10
DOLL DISTRIBUTING, LLC	691978	10/19/2016	MERCHANDISE	609-49751-252	3,250.55
DOLL DISTRIBUTING, LLC	694419	10/21/2016	CREDIT - MERCHANDISE	609-49751-252	-883.20
DOLL DISTRIBUTING, LLC	694420	10/21/2016	MERCHANDISE	609-49751-252	1,108.80
DOLL DISTRIBUTING, LLC	696180	10/21/2016	MERCHANDISE	609-49751-252	11,724.65
BREAKTHRU BEVERAGE MN	1080536956	10/19/2016	MERCHANDISE	609-49751-253	222.00
INDIAN ISLAND WINERY	1276	10/24/2016	MERCHANDISE	609-49751-253	352.80
SOUTHERN GLAZER'S OF MN	1458325	10/04/2016	MERCHANDISE	609-49751-253	419.50
PHILLIPS WINE & SPIRITS	2052698	10/12/2016	MERCHANDISE	609-49751-253	860.00
ROUND LAKE VINEYARDS & W	307	10/19/2016	MERCHANDISE	609-49751-253	432.00
JOHNSON BROS.	5549705	10/03/2016	MERCHANDISE	609-49751-253	1,429.98
BELLBOY CORP	55548000	10/04/2016	MERCHANDISE	609-49751-253	592.00
JOHNSON BROS.	5555648	10/11/2016	MERCHANDISE	609-49751-253	2,943.08
JOHNSON BROS.	590458	10/24/2016	CREDIT - MERCHANDISE	609-49751-253	-1.67
JOHNSON BROS.	590596	10/24/2016	CREDIT - MERCHANDISE	609-49751-253	-19.16
JOHNSON BROS.	590597	10/24/2016	CREDIT - MERCHANDISE	609-49751-253	-18.68
JOHNSON BROS.	594317	10/24/2016	CREDIT - MERCHANDISE	609-49751-253	-61.67
JOHNSON BROS.	594318	10/24/2016	CREDIT - MERCHANDISE	609-49751-253	-1,394.37
PAUSTIS WINE COMPANY	8563250-IN	10/04/2016	MERCHANDISE	609-49751-253	710.00
PAUSTIS WINE COMPANY	8564934-IN	10/19/2016	MERCHANDISE	609-49751-253	706.02
BREAKTHRU BEVERAGE MN	1080536956	10/19/2016	MERCHANDISE	609-49751-254	70.24
AH HERMEL COMPANY	605823	10/04/2016	MERCHANDISE	609-49751-254	18.24
BEVERAGE WHOLESALERS	621507	10/19/2016	MERCHANDISE	609-49751-254	128.00
AMERICAN BOTTLING CO	7428055613	10/19/2016	MERCHANDISE	609-49751-254	131.68
PBC - PEPSI BEVERAGES COM	86098457	10/19/2016	MERCHANDISE	609-49751-254	329.60
RED BULL DISTRIBUTION CO, I	K-19882278	10/19/2016	MERCHANDISE	609-49751-254	66.80
AH HERMEL COMPANY	605823	10/04/2016	MERCHANDISE	609-49751-256	81.03
BEVERAGE WHOLESALERS	622459	10/19/2016	MERCHANDISE	609-49751-259	26.10
AH HERMEL COMPANY	605823	10/04/2016	MERCHANDISE	609-49751-261	15.98
AH HERMEL COMPANY	606946	10/21/2016	MERCHANDISE	609-49751-261	242.65
BEVERAGE WHOLESALERS	621507	10/19/2016	MERCHANDISE	609-49751-265	-25.00
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - LIQUOR	609-49751-304	285.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - LIQUOR	609-49751-322	2.85
BREAKTHRU BEVERAGE MN	1080536956	10/19/2016	MERCHANDISE	609-49751-333	31.89
SOUTHERN GLAZER'S OF MN	1458323	10/04/2016	MERCHANDISE	609-49751-333	1.36
SOUTHERN GLAZER'S OF MN	1458324	10/04/2016	MERCHANDISE	609-49751-333	33.74
SOUTHERN GLAZER'S OF MN	1458325	10/04/2016	MERCHANDISE	609-49751-333	12.30
PHILLIPS WINE & SPIRITS	2052697	10/12/2016	MERCHANDISE	609-49751-333	56.50
PHILLIPS WINE & SPIRITS	2052698	10/12/2016	MERCHANDISE	609-49751-333	25.05
JOHNSON BROS.	5549704	10/03/2016	MERCHANDISE	609-49751-333	18.79
JOHNSON BROS.	5549705	10/03/2016	MERCHANDISE	609-49751-333	68.47
BELLBOY CORP	55548000	10/04/2016	MERCHANDISE	609-49751-333	18.00
JOHNSON BROS.	5555647	10/17/2016	MERCHANDISE	609-49751-333	16.28
JOHNSON BROS.	5555648	10/11/2016	MERCHANDISE	609-49751-333	64.31
AH HERMEL COMPANY	605823	10/04/2016	MERCHANDISE	609-49751-333	3.95
AH HERMEL COMPANY	606946	10/21/2016	MERCHANDISE	609-49751-333	3.95
PAUSTIS WINE COMPANY	8563250-IN	10/04/2016	MERCHANDISE	609-49751-333	8.75
PAUSTIS WINE COMPANY	8564934-IN	10/19/2016	MERCHANDISE	609-49751-333	8.75
KWOA RADIO WORKS LLC	16090656	10/24/2016	ADVERTISING - RIVER BEND LI	609-49751-340	200.00
KDOM RADIO	KDOM0229160940569	10/24/2016	ADVERTISING - RIVER BEND LI	609-49751-340	613.50
HOMETOWN SANITATION SER	0000207725	10/24/2016	GARBAGE SERVICE - RIVER BE	609-49751-384	96.13
RAGE INC	10-010498	10/19/2016	SERVICE - RIBER BEND LIQUO	609-49751-406	38.40
Activity 49751 - Liquor Store Total:					57,049.27
Fund 609 - LIQUOR STORE Total:					70,627.71
Fund: 614 - TELECOM					
INTERNAL REVENUE SERVICE	20161013	10/17/2016	EXCISE TAX POSTING -BI-WEE	614-20201	500.00

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	614-20202	50.61
					550.61
Activity: 49870 - Telecom					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	614-49870-133	64.00
RAGE INC	09-012334	10/03/2016	SERVICE	614-49870-200	21.33
ADVANCED SYSTEMS, INC.	500155	10/03/2016	SUPPLIES	614-49870-200	37.41
RAGE INC	10-010980	10/18/2016	SERVICE - WINDOM NET	614-49870-211	21.33
EXPRESSWAY WINDOM	9049	10/18/2016	FUEL	614-49870-212	32.80
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - TELECOM	614-49870-217	1,833.33
TECHNOLOGY PLANNERS, LLC	6060	10/04/2016	SERVICE	614-49870-301	210.00
INTERSTATE TRS FUND	82580710162	10/24/2016	ASSESSMT FOR 499-A FILING	614-49870-304	179.97
GOPHER STATE ONE CALL	6090807	10/04/2016	LOCATES	614-49870-321	30.03
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - TELECOM	614-49870-322	97.76
INNOVATIVE SYSTEMS	29826	10/07/2016	POSTAGE	614-49870-322	239.06
INNOVATIVE SYSTEMS	29482	10/03/2016	BILLING SYSTEM MAINTENAN	614-49870-326	1,521.00
INNOVATIVE SYSTEMS	29738	10/06/2016	BILLING SYSTEM SOFTWARE S	614-49870-326	1,846.10
INNOVATIVE SYSTEMS	29826	10/07/2016	PROCESSING	614-49870-326	211.37
NEUSTAR, INC.	L-0000019334	10/18/2016	NUMBER PORTS 9/30/16	614-49870-326	14.75
INNOVATIVE SYSTEMS	29826	10/07/2016	INSERTS	614-49870-350	25.09
MN ENERGY RESOURCES	20161010	10/18/2016	HEATING #0507509833	614-49870-383	16.66
HOMETOWN SANITATION SER	0000207728	10/01/2016	GARBAGE SERVICE - TELECOM	614-49870-384	147.84
HIGLEY FORD	76173A	10/17/2016	MAINTENANCE	614-49870-405	346.28
TEGNA	1116-1264	10/19/2016	SUBSCRIBER	614-49870-442	5,118.00
HUBBARD BROADCASTING IN	20160930	10/19/2016	SUBSCRIBER	614-49870-442	6,653.40
YOUNG BROADCASTING LLC	20160930	10/19/2016	SUBSCRIBER	614-49870-442	5,833.96
UNITED COMMUNICATIONS C	20160930	10/19/2016	SUBSCRIBER	614-49870-442	767.70
CBS TELEVISION STATIONS	20160930	10/19/2016	SUBSCRIBER	614-49870-442	4,427.07
CONSOLIDATED COMMUNICA	2016100116	10/18/2016	10 GB TRANSPORT OCT 2016	614-49870-442	2,950.00
DISH NETWORK	20161004	10/18/2016	MONTHLY LOCAL TV #8255-2	614-49870-442	3,400.06
TOWER DISTRIBUTION COMP	547384	10/19/2016	SUBSCRIBER	614-49870-442	503.97
FOX SPORTS	L27718	10/19/2016	SUBSCRIBER	614-49870-442	18,492.76
BTN - BIG TEN NETWORK	L33040	10/19/2016	SUBSCRIBER	614-49870-442	4,314.20
FOX TELEVISION STATIONS, IN	SEP-16	10/19/2016	SUBSCRIBER	614-49870-442	4,887.69
UNIVERSAL SERVICE ADMIN C	UBDI0000872894	10/24/2016	499A CONTRIBUTION	614-49870-443	1,451.95
ONVOY VOICE SERVICES	161003008508	10/18/2016	SS7 SERVICES 10/2/16 TO 11/	614-49870-445	1,369.84
CONSOLIDATED COMMUNICA	2016100116	10/18/2016	10 GB TRANSPORT OCT 2016	614-49870-447	5,987.50
GOLDEN WEST TECH & INT SO	160910458	10/12/2016	SERVICE	614-49870-448	347.33
ONVOY VOICE SERVICES	161003008890	10/18/2016	SWITCHING SERVICES 10/1/1	614-49870-451	3,693.90
ZAYO BANDWIDTH	20161001	10/18/2016	TRANSPORT 10/1 - 10/31	614-49870-451	381.36
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	614-49870-460	1.99
MN MUNICIPAL UTILITIES ASS	47696	10/04/2016	SERVICE #7122016	614-49870-480	35.50
Activity 49870 - Telecom Total:					77,514.29
Fund 614 - TELECOM Total:					78,064.90

Fund: 615 - ARENA

Activity: 49850 - Arena

NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	615-49850-133	32.00
HEARTLAND PAPER COMPANY	306501-0	10/24/2016	SUPPLIES	615-49850-211	345.87
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - ARENA	615-49850-217	916.67
SCHRAMMEL LAW OFFICE	20161003	10/18/2016	LEGAL FEES - ARENA	615-49850-304	2,010.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - ARENA	615-49850-322	18.51
MN ENERGY RESOURCES	20161013	10/24/2016	HEATING #0504094426	615-49850-383	219.55
R & R SPECIALTIES	0060658-IN	10/24/2016	MAINTENANCE	615-49850-404	554.14
CITY OF NEW ULM PARK & RE	1336	10/24/2016	MAINTENANCE	615-49850-404	508.00
CARLSON & STEWART REFRIG	40135	10/24/2016	MAINTENANCE	615-49850-404	540.50
STAPLES OIL CO	97922	10/24/2016	MAINTENANCE	615-49850-404	366.57
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	615-49850-460	201.00
Activity 49850 - Arena Total:					5,712.81
Fund 615 - ARENA Total:					5,712.81

Expense Approval Report

Payment Dates: 10/15/2016 - 10/26/2016

Vendor Name	Payable Number	Post Date	Description (Item)	Account Number	Amount
Fund: 617 - M/P CENTER					
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	617-20202	126.51
					<u>126.51</u>
Activity: 49860 - M/P Center					
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	617-49860-133	48.00
COLE PAPERS INC.	9246245	10/03/2016	SUPPLIES - RANDY WEEK CON	617-49860-211	120.67
COLE PAPERS INC.	9246245	10/03/2016	SUPPLIES	617-49860-211	361.89
MN MUNICIPAL UTILITIES ASS	47757	10/04/2016	SAFETY COMP - COMM CENT	617-49860-217	1,375.00
RIVER BEND LIQUOR	20161024	10/24/2016	MERCHANDISE	617-49860-251	597.43
RIVER BEND LIQUOR	20161024A	10/24/2016	MERCHANDISE	617-49860-251	985.79
RIVER BEND LIQUOR	20161024	10/24/2016	MERCHANDISE	617-49860-252	69.11
RIVER BEND LIQUOR	20161024A	10/24/2016	MERCHANDISE	617-49860-252	970.70
RIVER BEND LIQUOR	20161024	10/24/2016	MERCHANDISE	617-49860-254	40.38
RIVER BEND LIQUOR	20161024A	10/24/2016	MERCHANDISE	617-49860-254	35.00
CMRS - TMS #256704	20161019	10/19/2016	POSTAGE 256704 - MP	617-49860-322	9.05
MN ENERGY RESOURCES	20161012B	10/18/2016	HEATING #0503741572	617-49860-383	154.55
HOMETOWN SANITATION SER	0000207730	10/03/2016	GARBAGE SERVICE - COMM C	617-49860-384	103.03
RAGE INC	09-012333	10/18/2016	SERVICE - COMM CENTER	617-49860-406	61.50
RAGE INC	10-010979	10/21/2016	SERVICE - COMM CENTER	617-49860-406	61.50
MN REVENUE	20161012	10/17/2016	SALES TAX - SEP 2016	617-49860-460	167.49
				Activity 49860 - M/P Center Total:	5,161.09
				Fund 617 - M/P CENTER Total:	5,287.60
Fund: 700 - PAYROLL					
LOCAL UNION #949	20161018	10/18/2016	UNION DUES	700-21707	1,744.70
LAW ENFORCMENT LABOR SE	20161018	10/18/2016	POLICE UNION DUES	700-21708	343.00
MN Child Support Payment C	INV0000932	10/14/2016	Child Support Payment	700-21709	286.10
SELECTACCOUNT	38289600	10/18/2016	FLEX SPENDING	700-21712	221.40
SELECTACCOUNT	38294067	10/25/2016	FLEX SPENDING	700-21712	123.97
AFLAC	451491	10/24/2016	INSURANCE-AUG 2016 - AFTE	700-21715	204.00
AFLAC	451491	10/24/2016	INSURANCE-AUG 2016 - PRE T	700-21716	334.59
MN BENEFIT ASSOCIATION	20161018	10/18/2016	INSURANCE 10/1/16 - PRE TA	700-21717	159.65
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	700-21718	16.00
NCPERS MINNESOTA	20161021	10/26/2016	INSURANCE #844600 - NOV 2	700-21718	16.00
MN BENEFIT ASSOCIATION	20161018	10/18/2016	INSURANCE 10/1/16 - AFTER	700-21719	120.46
MII LIFE	20161014	10/17/2016	VEBA - OCT 2016	700-21720	11,848.64
					<u>15,418.51</u>
				Fund 700 - PAYROLL Total:	15,418.51
				Grand Total:	819,303.24

Report Summary

Fund Summary

Fund	Payment Amount
100 - GENERAL	57,052.08
211 - LIBRARY	353.73
225 - AIRPORT	283.02
230 - POOL	469.49
235 - AMBULANCE	4,996.21
250 - EDA GENERAL	1,241.26
252 - EDA SCDP	217,078.30
401 - GENERAL CAPITAL PROJECTS	6,582.28
601 - WATER	15,662.67
602 - SEWER	54,534.93
604 - ELECTRIC	285,937.74
609 - LIQUOR STORE	70,627.71
614 - TELECOM	78,064.90
615 - ARENA	5,712.81
617 - M/P CENTER	5,287.60
700 - PAYROLL	15,418.51
Grand Total:	819,303.24

Account Summary

Account Number	Account Name	Payment Amount
100-20202	Sales Tax Payable	29,372.44
100-41110-304	Legal Fees	825.00
100-41310-133	Employer Paid Insurance	80.00
100-41310-200	Office Supplies	801.27
100-41310-217	Other Operating Supplie	2,430.00
100-41310-322	Postage	338.79
100-41310-331	Travel Expense	98.28
100-41310-334	Meals/Lodging	6.40
100-41410-480	Other Miscellaneous	20.88
100-41910-133	Employer Paid Insurance	24.00
100-41910-200	Office Supplies	96.28
100-41910-304	Legal Fees	450.00
100-41910-322	Postage	23.70
100-41910-443	Intergovernmental Fees	1,019.92
100-41910-480	Other Miscellaneous	687.50
100-41940-383	Gas Utility	149.15
100-41940-384	Refuse Disposal	85.04
100-42120-133	Employer Paid Insurance	160.00
100-42120-200	Office Supplies	63.45
100-42120-304	Legal Fees	3,892.50
100-42120-321	Telephone	243.53
100-42120-325	Dispatching	275.00
100-42120-326	Data Processing	433.00
100-42120-350	Printing & Design	63.30
100-42120-404	Repairs & Maint - M&E	410.64
100-42120-405	Repairs & Maint - Vehicl	506.50
100-42120-412	Rentals - Building	1,850.00
100-42120-419	Vehicle Lease	1,679.70
100-42220-200	Office Supplies	19.29
100-42220-215	Materials & Equipment	31.00
100-42220-304	Legal Fees	345.00
100-42220-321	Telephone	21.14
100-42220-322	Postage	6.60
100-42220-325	Dispatching	212.50
100-42220-326	Data Processing	10.02
100-42220-405	Repairs & Maint - Vehicl	1,436.99
100-42220-439	Special Projects	915.00

Account Summary

Account Number	Account Name	Payment Amount
100-42500-325	Dispatching	12.50
100-43100-133	Employer Paid Insurance	80.00
100-43100-217	Other Operating Supplie	2,441.17
100-43100-224	Street Maint Materials	2,937.99
100-43100-322	Postage	0.95
100-43100-325	Dispatching	125.00
100-43100-383	Gas Utility	61.90
100-43100-384	Refuse Disposal	130.85
100-43210-307	Management Fees	184.50
100-45120-215	Materials & Equipment	50.00
100-45202-133	Employer Paid Insurance	16.00
100-45202-325	Dispatching	37.50
100-45202-384	Refuse Disposal	182.80
100-45202-404	Repairs & Maint - M&E	1,248.78
100-45202-480	Other Miscellaneous	458.33
211-45501-133	Employer Paid Insurance	16.00
211-45501-383	Gas Utility	69.75
211-45501-433	Dues & Subscriptions	128.00
211-45501-435	Books and Pamphlets	139.98
225-45127-217	Other Operating Supplie	20.86
225-45127-321	Telephone	26.50
225-45127-406	Repairs & Maint - Groun	235.66
230-45124-217	Other Operating Supplie	10.00
230-45124-322	Postage	9.49
230-45124-401	Repairs & Maint - Buildi	450.00
235-42153-217	Other Operating Supplie	597.68
235-42153-218	Uniforms	29.67
235-42153-312	Nursing	381.89
235-42153-321	Telephone	123.49
235-42153-322	Postage	48.75
235-42153-325	Dispatching	200.00
235-42153-326	Data Processing	1,404.00
235-42153-327	Interpretation Fees	34.00
235-42153-331	Travel Expense	56.70
235-42153-334	Meals/Lodging	178.19
235-42153-460	Miscellaneous Taxes	1,941.84
250-46520-133	Employer Paid Insurance	8.00
250-46520-200	Office Supplies	170.76
250-46520-304	Legal Fees	60.00
250-46520-322	Postage	160.33
250-46520-350	Printing & Design	76.71
250-46520-383	Gas Utility	40.55
250-46520-438	Meeting Expense	37.41
250-46520-480	Other Miscellaneous	687.50
252-46520-491	Payments to Other Orga	217,078.30
401-49950-503	Capital Outlay - Streets	6,582.28
601-49400-133	Employer Paid Insurance	40.00
601-49400-216	Chemicals and Chemical	3,991.38
601-49400-217	Other Operating Supplie	1,463.07
601-49400-321	Telephone	30.04
601-49400-322	Postage	307.11
601-49400-325	Dispatching	100.00
601-49400-326	Data Processing	1,489.37
601-49400-383	Gas Utility	382.10
601-49400-384	Refuse Disposal	85.04
601-49400-404	Repairs & Maint - M&E	241.73
601-49400-408	Repairs & Maint - Distrib	505.00
601-49400-480	Other Miscellaneous	7,027.83

Account Summary

Account Number	Account Name	Payment Amount
602-49450-133	Employer Paid Insurance	56.00
602-49450-212	Motor Fuels	11.51
602-49450-216	Chemicals and Chemical	598.50
602-49450-217	Other Operating Supplie	1,463.08
602-49450-304	Legal Fees	1,951.00
602-49450-310	Lab Testing	1,119.00
602-49450-321	Telephone	30.04
602-49450-322	Postage	314.08
602-49450-325	Dispatching	100.00
602-49450-326	Data Processing	1,489.35
602-49450-383	Gas Utility	122.06
602-49450-404	Repairs & Maint - M&E	454.02
602-49450-439	Special Projects	46,826.29
604-14200	Inventory	1,783.85
604-16300	Improvements Other Th	11,092.00
604-20202	Sales Tax Payable	44.72
604-49550-133	Employer Paid Insurance	96.00
604-49550-200	Office Supplies	93.00
604-49550-217	Other Operating Supplie	5,150.00
604-49550-218	Uniforms	132.86
604-49550-263	Merchandise for Resale -	111,914.78
604-49550-321	Telephone	30.04
604-49550-322	Postage	337.46
604-49550-325	Dispatching	240.00
604-49550-326	Data Processing	1,956.27
604-49550-383	Gas Utility	49.49
604-49550-384	Refuse Disposal	84.75
604-49550-402	Repairs & Maint - Struct	680.00
604-49550-406	Repairs & Maint - Groun	68.34
604-49550-408	Repairs & Maint - Distrib	1,503.06
604-49550-450	Conservation	150,147.67
604-49550-460	Miscellaneous Taxes	19.24
604-49550-480	Other Miscellaneous	514.21
609-16200	Buildings	233.44
609-20202	Sales Tax Payable	13,405.00
609-37899	Liquor Store Other Inco	-60.00
609-49751-133	Employer Paid Insurance	32.00
609-49751-200	Office Supplies	52.39
609-49751-217	Other Operating Supplie	510.72
609-49751-251	Liquor	9,137.30
609-49751-252	Beer	37,451.74
609-49751-253	Wine	7,171.83
609-49751-254	Soft Drinks & Mix	744.56
609-49751-256	Tobacco Products	81.03
609-49751-259	Non- Alcoholic	26.10
609-49751-261	Other Merchandise	258.63
609-49751-265	Merchandise Returned f	-25.00
609-49751-304	Legal Fees	285.00
609-49751-322	Postage	2.85
609-49751-333	Freight and Express	372.09
609-49751-340	Advertising & Promotion	813.50
609-49751-384	Refuse Disposal	96.13
609-49751-406	Repairs & Maint - Groun	38.40
614-20201	Excise Tax Payable	500.00
614-20202	Sales Tax Payable	50.61
614-49870-133	Employer Paid Insurance	64.00
614-49870-200	Office Supplies	58.74
614-49870-211	Cleaning Supplies	21.33

Account Summary

Account Number	Account Name	Payment Amount
614-49870-212	Motor Fuels	32.80
614-49870-217	Other Operating Supplie	1,833.33
614-49870-301	Auditing & Consulting Se	210.00
614-49870-304	Legal Fees	179.97
614-49870-321	Telephone	30.03
614-49870-322	Postage	336.82
614-49870-326	Data Processing	3,593.22
614-49870-350	Printing & Design	25.09
614-49870-383	Gas Utility	16.66
614-49870-384	Refuse Disposal	147.84
614-49870-405	Repairs & Maint - Vehicl	346.28
614-49870-442	Subscriber Fees	57,348.81
614-49870-443	Intergovernmental Fees	1,451.95
614-49870-445	Switch Fees	1,369.84
614-49870-447	Internet Expense	5,987.50
614-49870-448	On-Call Support	347.33
614-49870-451	Call Completion	4,075.26
614-49870-460	Miscellaneous Taxes	1.99
614-49870-480	Other Miscellaneous	35.50
615-49850-133	Employer Paid Insurance	32.00
615-49850-211	Cleaning Supplies	345.87
615-49850-217	Other Operating Supplie	916.67
615-49850-304	Legal Fees	2,010.00
615-49850-322	Postage	18.51
615-49850-383	Gas Utility	219.55
615-49850-404	Repairs & Maint - M&E	1,969.21
615-49850-460	Miscellaneous Taxes	201.00
617-20202	Sales Tax Payable	126.51
617-49860-133	Employer Paid Insurance	48.00
617-49860-211	Cleaning Supplies	482.56
617-49860-217	Other Operating Supplie	1,375.00
617-49860-251	Liquor	1,583.22
617-49860-252	Beer	1,039.81
617-49860-254	Soft Drinks & Mix	75.38
617-49860-322	Postage	9.05
617-49860-383	Gas Utility	154.55
617-49860-384	Refuse Disposal	103.03
617-49860-406	Repairs & Maint - Groun	123.00
617-49860-460	Miscellaneous Taxes	167.49
700-21707	Union Dues	1,744.70
700-21708	PD Union Dues	343.00
700-21709	Wage Levy	286.10
700-21712	Flex Account	345.37
700-21715	Individual Insurance-Afla	204.00
700-21716	Individual Insurance-Afla	334.59
700-21717	Individual Insurance-MB	159.65
700-21718	Individual Insurance-NC	32.00
700-21719	Individual Insurance-MB	120.46
700-21720	VEBA Contributions	11,848.64
	Grand Total:	819,303.24

10-26-16


Project Account Summary

Project Account Key	Payment Amount
None	808,090.57
Purchases	120.67
Substation	11,092.00
	Grand Total:
	819,303.24



BOLTON & MENK, INC.

Consulting Engineers & Surveyors

12224 Nicollet Avenue • Burnsville, MN 55337

Phone (952) 890-0509 • Fax (952) 890-8065

www.bolton-menk.com

October 24, 2016

Via Email

Mr. Mike Haugen
Water – Sewer Superintendent
444 9th Street
PO Box 38
Windom, MN 56101

RE: Application for Payment No. 5
Water Tower Painting

Dear Mike,

Please find attached Application for Payment No. 5 from M.K. Painting, Inc. for the work completed to date for the painting of the Water Towers. We reviewed this application and find it acceptable for payment. We recommend making a payment of \$165,870.00 to M.K. Painting, Inc. Please sign the first page, forward copy along with the payment to M.K. Painting, Inc., a copy to Bolton & Menk, and keep one copy for your records.

Sincerely,

BOLTON & MENK, INC.

R. Kelly Yahnke
Project Manager

RKY

Enclosure



4157 SEVENTH STREET
WYANDOTTE, MICHIGAN 48192
PHONE: (734) 285-5861
FAX: (734) 285-5862

Texas Satellite Site
17946 Roberts Road
Hockley, Texas 77447
(281) 475-6239 office/cell
(281) 758-0794 fax

mkpaintinginc@aol.com
www.mkpaintinginc.com

October 24, 2016

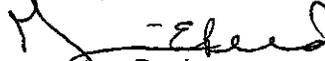
Mr. Kelly Yahnke
Bolton & Menk, Inc.
12224 Nicollet Avenue
Burnsville, MN 55337

Mr. Yahnke,

Enclosed please find our Pay Application No. 5 for the Water Tower
Rehabilitation & Repainting project located in Windom, Minnesota.

Please contact our office if you require additional information.

Sincerely,


Genevieve Reed
Office Manager

Contractor's Application

Progress Estimate

Application Number: FIVE		Application Date: September 23, 2016						
Application Period: August 29 - September 28, 2016		Application Date: September 23, 2016						
For (Contract): Water Tower Rehabilitation and Repainting of 500,000 Gallon Legged Tank and 1,000,000 Gallon Fluted Column Tank		Application Number: FIVE						
Application Period: August 29 - September 28, 2016		Application Date: September 23, 2016						
Item No.	Description	B Scheduled Value	C From Previous Application (C+D)	D This Period	E Materials Presently Stored (Total E or D)	F Total Completed and Stored to Date (C + D + E)	% (E) B	G Balance to Finish (B - F)
1	500,000 Gallon Legged Tank Wet Interior							
	A - Surface Preparation	\$30,000.00	\$5,000.00	\$6,000.00		\$31,000.00	100.0%	
	B - Prime Coat	\$13,000.00	\$10,400.00	\$2,600.00		\$13,000.00	100.0%	
	C - Intermediate Coat	\$14,000.00		\$14,000.00		\$14,000.00	100.0%	
	D - Topcoat							
2	500,000 Gallon Legged Tank Exterior							
	A - Containment	\$70,000.00	\$28,000.00	\$42,000.00		\$70,000.00	100.0%	
	B - Surface Preparation	\$30,000.00		\$30,000.00		\$30,000.00	100.0%	
	C - Prime Coat	\$20,000.00		\$20,000.00		\$20,000.00	100.0%	
	D - Intermediate Coat	\$20,000.00		\$20,000.00		\$20,000.00	100.0%	
	E - Topcoat	\$20,000.00		\$20,000.00		\$20,000.00	100.0%	
3	1,000,000 Gallon Fluted Column Tank Wet Interior							
	A - Surface Preparation	\$60,000.00	\$60,000.00			\$60,000.00	100.0%	
	B - Prime Coat	\$26,000.00	\$26,000.00			\$26,000.00	100.0%	
	C - Intermediate Coat	\$28,000.00	\$28,000.00			\$28,000.00	100.0%	
	D - Topcoat							
4	1,000,000 Gallon Fluted Column Tank Dry Interior							
	A - Surface Preparation	\$24,000.00	\$24,000.00			\$24,000.00	100.0%	
	B - Prime Coat	\$12,000.00	\$12,000.00			\$12,000.00	100.0%	
	C - Intermediate Coat	\$12,000.00	\$12,000.00			\$12,000.00	100.0%	
	D - Topcoat							
5	1,000,000 Gallon Fluted Column Tank Exterior							
	A - Containment	\$140,000.00	\$140,000.00			\$140,000.00	100.0%	
	B - Surface Preparation	\$129,000.00	\$129,000.00			\$129,000.00	100.0%	
	C - Prime Coat	\$64,000.00	\$64,000.00			\$64,000.00	100.0%	
	D - Intermediate Coat	\$64,000.00	\$64,000.00			\$64,000.00	100.0%	
	E - Topcoat	\$68,000.00	\$68,000.00			\$68,000.00	100.0%	
6	Repair/Maintenance							
	A - Repair pipe insulation and jacket	\$5,000.00	\$6,000.00	\$5,000.00		\$11,000.00	100.0%	
	B - Recycle pump	\$1,000.00	\$1,000.00	\$2,000.00		\$3,000.00	100.0%	
	C - Dehumidification in vault	\$2,000.00				\$2,000.00	100.0%	
	D - Rip to 20 Inset (rest of welding in roof)							
Totals		\$909,000.00	\$724,000.00	\$174,000.00		\$909,000.00		

REQUEST FOR PAYMENT

From: GOSEWISCH Construction, Inc.
 901 Summit Avenue
 Mankato, MN 56001

To: City of Windom
 444 9th Street
 PO Box 38
 Windom, MN 56101

Billing: 4982
Draw: 1
Invoice date: 10/27/2016
Period ending date: 10/27/2016

Contract For: Windom EMS Removals

Request for payment:

Original contract amount \$40,560.00
 Approved changes \$0.00
 Revised contract amount \$40,560.00

Contract completed to date \$40,560.00
 Add-ons to date \$0.00
 Taxes to date \$0.00
 Less retainage \$0.00
 Total completed less retainage \$40,560.00
 Less previous requests \$0.00
 Current request for payment \$40,560.00

Current billing \$0.00
 Current additional charges \$0.00
 Current tax \$0.00
 Less current retainage \$0.00
 Current amount due \$40,560.00
 Remaining contract to bill \$0.00

Project: 16-0676
Windom EMS Removals

Contract date: 9/13/2016

Architect:

Scope: Key Notes:
 #4 Remove fence
 #6 Remove concrete tennis court pavement
 #7 Remove ice rink concrete pavement
 #8 Clear and grub trees

CHANGE ORDER SUMMARY	ADDITIONS	DEDUCTIONS
Changes approved in previous months by Owner		
Total approved this Month		
TOTALS		
NET CHANGES by Change Order		

I hereby certify that the work performed and the materials supplied to date, as shown on the above represent the actual value of the accomplishment under the terms of the Contract (and all authorized changes thereof) between the undersigned and the City of Windom relating to the above referenced project. I also certify that the contractor has paid all amounts previously billed and paid by the owner.

CONTRACTOR: GOSEWISCH Construction, Inc.
By: *[Signature]*
Date: 10-27-16

State Of Minnesota
 County Of Blue Earth
 Subscribed and sworn to before me this 21 day of October 2016
 Notary Public
 My commission expires Jan 31, 2022

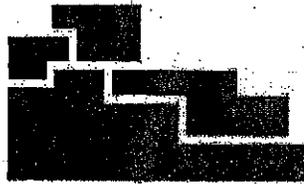


REQUEST FOR PAYMENT DETAIL

Project: 16-0676 / Windom EMS Removals Billing: 4982 Draw: 1 Period Ending Date: 10/27/2016 Detail Page 2 of 2 Pages

Item ID	Description	Total Contract Amount	Previously Completed Work	Work Completed This Period	Presently Stored Materials	Completed And Stored To Date	% Comp	Balance To Finish	Retainage Balance
1	Removals Plan Sheet C0.01	40,560.00		40,560.00		40,560.00	100.00		

Totals		40,560.00		40,560.00		40,560.00	100.00		
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GOSEWISCH CONSTRUCTION, INC.

General Contracting Project Management Design Build

September 13, 2016

City of Windom
Steve Nasby
City Administrator
444 9th Street, PO Box 38
Windom, MN 56101

Re: Construction Proposal

We propose to complete the following scope of work from Brunton Architects Project # 15305-2 Plan Sheet C0.01

Key Notes

- #4 Remove fence
- #6 Remove concrete tennis court pavement
- #7 Remove ice rink concrete pavement
- #8 Clear and grub trees. - remove *sumps* SW

For the sum of \$40,560.00

Exclusions:

- Anything not covered by the above scope of work.

Signed by Brian Gosewisch

Date: September 13, 2016

ACCEPTANCE OF PROPOSAL: The above prices, specifications and conditions are satisfactory and are hereby accepted. Gosewisch Construction, Inc. is authorized to the work as specified. Progress payments are to be made within 15 days of receipt of our invoicing. This Proposal may be withdrawn if not accepted in 30 days.

Signature _____

Date _____

Company _____

Title _____

[Handwritten Signature]
13 SEPT 2016
City of Windom
City Administrator