

Pursuant to due call and notice thereof, a regular meeting of the North Mankato City Council was held in the Municipal Building Council Chambers on June 17, 2013. Mayor Dehen called the meeting to order at 7:00 p.m. asking that everyone join in the Pledge of Allegiance. The following were present for the meeting: Mayor Dehen, Council Members Spears, Steiner, Norland and Freyberg, City Administrator Harrenstein, Finance Director Thorne, City Clerk Gehrke, Attorney Kennedy, Engineer Sarff and Planner Fischer.

Approval of Agenda

Council Member Norland moved, seconded by Council Member Steiner, to approve the agenda as presented. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.

Approval of Minutes

Council Member Freyberg moved, seconded by Council Member Norland, to approve the minutes of the Council meeting of June 3, 2013. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.

Public Hearing, 7 p.m. – Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project

Planner Fischer reported on June 11, 2013, the North Mankato Port Authority Commission held a public hearing on the proposed modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project. Since the lender financing commitment letter and a development agreement were not available for review, the Port Authority Commission tabled the request until the information is available. The Port Authority Commission included a provision that re-notification of the project review be provided and to withdraw their request for a public hearing before the City Council. **Council Member Steiner moved, seconded by Council Member Norland, to table the public hearing on proposed modification of Tax Increment Financing District No. IDD 1-8, Marigold Redevelopment Project, until the Council receives recommendation from the Port Authority Commission. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

Consent Agenda

Council Member Norland moved, seconded by Council Member Freyberg, to approve the Consent Agenda which includes:

- A. Bills and Appropriations.
- B. Res. No. 38-13 Approving Donations/Contributions.
- C. Res. No. 39-13 Approving Mankato Area Youth Baseball Association, Inc. Gambling License at Best Western, 1111 Range Street.
- D. Res. No. 40-13 Declaring Costs to be Assessed for Municipal Charges – 806 Lyndale Street.
- E. Res. No. 41-13 Declaring Costs to be Assessed for Municipal Charges – 827 South Avenue.
- F. Audio Permit for Brian Jentges' 60th Birthday Party, 1117 Sunrise Drive, Saturday, June 22, 2013 from 2-10 p.m.
- G. Application for 3.2 Temporary License for Men's Fastpitch Tournament, Caswell Park, August 9-11, 2013.
- H. Application for Soft Drink License for Sweet Shoppe Express, LLC.
- I. Application for Parade Permit, Remembering Our Loved Ones Walk, Benson Park, Saturday, September 21, 2013 from 9:30 a.m. to 11:45 a.m.

- J. Large Group Permit for Remembering Our Loved Ones Walk, Benson Park, Saturday, September 21, 2013 from 9:30 a.m. to 11:45 a.m.

Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.

Public Comments

The Mayor opened the meeting to the public for the first time with no one appearing.

Business Items:

TH 14/CSAH 41 Interchange Update and MSA Advance Funding Request

Engineer Sarff presented background information on the TH 14/CSAH 41 Interchange Project. He reported Phase 1 of the project was completed in the fall of 2012 and included mass grading, drainage, construction of the east bound lanes to TH 13, realignment of CSAH 6 and the CSAH 41/Pleasant View Drive/CSAH 6 roundabout. Phase 2 of the project began in May 2013 and includes the construction of the west bound lanes of TH 14, CSAH 41 bridge, ramps and roundabouts. The project is scheduled for completion in the fall of 2013. He reported the City signed agreements with MnDOT for the City share of the project funding in March 2012 for Phase 1 and in February 2013 for Phase 2. Engineer Sarff reported the City has been billed and paid MnDOT for Phase I costs and has also paid for the right-of-way and engineering costs. MnDOT recently billed the City for its share of Phase 2 of the project in the amount of \$1,408,595.94. Financing for the project includes City Sales tax funds as well as Municipal State Aid (MSA) funds. The Engineer reported that since the City share of the costs for Phase 2 has been established, it is necessary for the Council to adopt a resolution requesting an advance in the City's MSA funds. After discussion with City staff it has been determined the necessary MSA advance amount required is \$648,351.28. The MnDOT State Aid Finance Office has indicated that the advance funds are currently available.

Res. No. 42-13 Requesting State Aid Funds for the TH 14/CSAH 41 Interchange Project

Council Member Steiner moved, seconded by Council Member Norland, to adopt Resolution No. 42-13 Requesting State Aid Funds in the amount of \$648,351.28 for the TH 14/CSAH 41 Interchange Project. Vote on the Resolution: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.

Res. No. 43-13 Approving Plans and Specifications and Authorizing Advertisement for Bids for Project No. 13-04D, 2013 Street Improvements

Engineer Sarff reported at the March 4, 2013 meeting, the Council authorized the preparation of plans and specifications for the 2013 Street Improvement Project. He reported the project includes installation of wearing course and miscellaneous repairs on Willow Lane, Willow Court, Balsam Lane, Balsam Court, Howard Drive West, Ringhofer Drive and Otter Court. The improvements along Willow Lane, Willow Court and a portion of Balsam Lane will be privately funded by Pavek Homes. Funding for the project would come from currently available funds in the Construction Fund and private developer contributions. The estimated project costs are: Pavek Share - \$96,817, City Share - \$270,419 for a total of \$367,236. **Council Member Freyberg moved, seconded by Council Member Steiner, to adopt Resolution No. 43-13 Approving Plans and Specifications for Project No. 13-04D, 2013 Street Improvements. Vote on the Resolution: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

Developer's Agreement for Benson West

Engineer Sarff reported Drummer Development, Inc. is proposing to privately finance the construction of public street, sewer, water and storm sewer improvements associated with the Benson West Development. To ensure the improvements are constructed according to City standards and procedures and to provide a method of completing the public improvements in the event of default by the Developer, it is necessary to enter into a Developer's Agreement with Drummer Development, Inc. The Agreement details the responsibilities of the Developer and the City and provides for reimbursement of costs incurred by the City in inspecting and approving the public improvements. The Agreement also provides for an Irrevocable Letter of Credit in the amount of 125 percent of the cost of the improvements that the City may draw upon in the event of default by the Developer. Administrator Harrenstein reported Item A.4. of the Developer's Agreement calls for payment of the deferred assessments plus any applicable interest on Lots 1-8, Block 1 and Lots 1-3, Block 2 of Benson West in 2013 and Lots 9-15, Block 1, and Lots 4-6, Block 2 of Benson West in 2014. The total amount of deferred assessments for Benson West is \$309,670.54. Attorney Kennedy noted that private development projects are the model for the future. **Council Member Freyberg moved, seconded by Council Member Norland, to approve the Developer's Agreement for Benson West. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

Cliff Court Update

Administrator Harrenstein reported to the Council that as a result of budget constraints, staff is recommending postponing the Cliff Court project until funds become available. He also requested permission to contact the residents of Cliff Court regarding this postponement. **Council Member Spears moved, seconded by Council Member Norland, to authorize the postponement of the Cliff Court project and for staff to notify the affected property owners. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

Belle House Reasonable Accommodation Request

Attorney Kennedy presented an application from Belle House, LLC as attorney-in-fact for Jane Doe #1, #2, #3, #4, #5 and #6 requesting that the City of North Mankato grant a Reasonable Accommodation to allow up to eight (8) unrelated individuals to reside together at 2107 Northridge Drive, North Mankato, MN. The Attorney reported that on September 24, 2012 a hearing was held to consider this same request. After the hearing a written decision along with written findings denying the request for Reasonable Accommodation was signed by a majority of the Council denying the request for Reasonable Accommodation. He reported this new application is made under the authority of the Americans with Disabilities Act and the Fair Housing Act and that according to the letter of Attorney Paul Grabitske dated May 21, 2013, Jane Doe #1, #2, #3, #4, #5 and #6 are each disabled individuals as defined by law. Attorney Kennedy reported the action required is for the Council to determine the process for holding a Hearing. The alternatives are to have a Hearing held at the administrative level with a person designated by the City Administrator and Council or a Hearing before the City Council as a whole as was done in 2012. **Council Member Spears moved, seconded by Council Member Norland, to designate the Council as the proper body to hear the request for Reasonable Accommodation to house up to eight (8) unrelated individuals at 2107 Northridge Drive. Vote on the motion: Spears, Steiner, Norland, Freyberg and Dehen, aye; no nays. Motion carried.**

Set Hearing Date for Belle House, LLC Reasonable Accommodation Request

Council Member Spears moved, seconded by Council Member Steiner, to set a hearing date for 5 p.m. on Monday, July 15, 2013 to consider the Belle House, LLC Reasonable

Accommodation request. Vote on the motion: Spears, Steiner, Norland and Freyberg, aye; Dehen, nay. Motion carried.

Public Comments

Phil Henry, 1300 Noretta Drive

Phil Henry, 1300 Noretta Drive, appeared before the Council and stated he believes the Developer's Agreement is a good document to get the City on the correct path.

Barbara Church, 102 E. Wheeler Avenue

Barbara Church, 102 E. Wheeler Avenue, appeared before the Council and asked if all the committee meetings were open to the public. Administrator Harrenstein reported the Open Meeting Law applies depending upon who is in attendance.

City Administrator and Staff Comments

Administrator Harrenstein reported a successful Art Splash was held at the North Mankato Taylor Library on Saturday, June 15, 2013.

The Administrator thanked the Police Department for their work during the recent crimes in the area.

The Administrator reported Economic Development Workshops would be held July 16-18, 2013 and Council Members could choose to attend the workshop that is best for their calendar.

Mayor and Council Comments

Council Member Norland

Council Member Norland reported over the years she has worked with the Park & Green Spaces Committee and the Park Committee Plan was accepted by the Council and is on the City website. She reported one focus of the Plan is sustainability. Council Member Norland reported she has been attending Community Conversation hosted by the Sisters of Notre Dame. Some of the topics of discussion are sustainability, recycling and edible landscaping. She noted that people are beginning to grow food in their flower beds. She reported she would like to see alternate uses for the green lawns that use valuable resources to maintain and does not want the City Code to be restrictive in this area. She has two books on the topic of sustainability and will place them in the North Mankato Taylor Library.

Mayor

Mayor Dehen reported the City of North Mankato is seeking a citizen representative for the Comprehensive Plan Interview Committee and citizen representatives for the Economic Development Policies and Procedures Project. He reported that interested citizens should submit their resumes by June 30, 2013 to his attention at the City of North Mankato, 1001 Belgrade Avenue, North Mankato, MN 56003 or via email at markdehen@northmankato.com. Council Member Spears moved to have all interested representatives appear before the full Council for selection to the committees. The Attorney reported this is not the normal procedure for selecting committees; that the Mayor selects the committee members and the Council approves the members. This motion died for lack of a second.

At 8 p.m. the Mayor adjourned the meeting until representatives from Northland Securities were in attendance to present the Debt Study. The Mayor re-convened the meeting at 8:24 p.m.

Presentation of Debt Study

Administrator Harrenstein introduced Paul Donna and Tammy Omdal from Northland Securities. Tammy Omdal gave a PowerPoint presentation of the Debt Study conducted by Northland Securities. She reviewed the study overview and approach, findings and recommendations, and sources of revenue for debt service. Ms. Omdal reported the Debt Study is a guide for on-going financial management of debt and the key factors include: 1) Projection on timing and amount of collection of outstanding special assessments; 2) Timing of repayment of interfund loans; and 3) Future debt issuance plans. The report found that cash deficits in debt service funds were covered with interfund loans and the City has made all debt service; annual special assessment collection was less than anticipated; tax levy for debt service is not sufficient to avoid cash deficits although this has increased; both City review (utility, sales tax) for debt service has been sufficient to meet all debt service; and TIF revenue is not sufficient to cover debt service.

The report included the following recommendations: 1) Property tax levy needs to be sufficient to meet current obligations; 2) Storm water utility rates should be set at a level sufficient to meet debt service and eliminate need for tax levy; 3) Any future debt issuance should be structured conservatively to allow for management of existing debt; 4) Implement legal counsel's recommendations for handling of collection of special assessments; 5) Ongoing monitoring of actual special assessment collection against anticipated amounts in financial plans; 6) Develop a written financial management policy for management of the debt service funds; and 7) Consider adoption of resolution to authorize the interfund loans to include specified time period for repayment. Ms. Omdal reviewed the sources of revenue for debt service.

Council Member Freyberg reflected the debt study did not include utility funds or the impact of any future debt issuance. He also requested a Council Workshop be held to discuss these items and to formulate a financial management policy. A Council Workshop was scheduled for 6 p.m. on Monday, July 29, 2013.

Administrator Harrenstein thanked the Council for acting to issue the debt study and for their patience during these first months. He stated the Debt Study is a good road map for the future and will help guide policy. He stated staff is looking forward to working with Council to provide the taxpayers with the best services at a price they can afford.

There being no further business, on a motion by Council Member Spears, seconded by Council Member Freyberg, the meeting was adjourned at 9:10 p.m.

Mayor

City Clerk

CLAIM REPORT
 BILLS PAID AFTER THE COUNCIL MEETING OF JUNE 17, 2013
 END OF MONTH

75265	Cardmember Service	charge card items-All Depts.	\$6,539.76
75266	Hy-Vee, Inc.	items for concessions-Caswell	\$1,675.87
75267	Telrite Corporation	long distance phone bill-Mun Bldg	\$294.87
75268	MAGFA	10% concession sales for tournament 6/15-16	\$592.53
75269	Reliance Standard Life Insurance	long term disability for July	\$1,162.90
75270	Reliance Standard Life Insurance	binder check for Life & Voluntary Life for July	\$717.76
75271	HickoryTech	telephone bill-All Depts.	\$372.92
75272	ICOM America, Inc.	radios-Street, Park & Water Depts.	\$4,760.84
75273	John Deere Financial	equipment parts-Mun Bldg	\$876.25
75274	Sprint	PCS connection card data plan-Pol, 2013 Const & P/A	\$234.26
75275	L.M.C.I.T.	property-casualty insurance-All Depts.	\$148,948.00
75276	ICMA Retirement Trust - 457	employee payroll deductions	\$3,633.85
75277	ICMA Retirement Trust - Roth IRA	employee payroll deductions	\$660.00
75278	Law Enforcement Labor Service	employee payroll deductions	\$450.00
75279	NCPERS Minnesota-Unit 662400	employee payroll deductions	\$192.00
75280	United Way	employee payroll deductions	<u>\$205.97</u>
	Total		<u><u>\$171,317.78</u></u>

CLAIMS CONTINUED

General	\$104,369.93
Library	\$9,056.78
Bookmobile	\$617.71
Community Development	\$14,463.87
2013 Construction	\$66.03
Water	\$13,503.78
Sewer	\$22,422.24
Sanitary Collection	\$6,137.92
Storm Water	\$173.06
Public Access	<u>\$506.46</u>
Total	<u><u>\$171,317.78</u></u>

PORT AUTHORITY INVOICES
BILLS PAID AFTER THE COUNCIL MEETING OF JUNE 17, 2013
END OF MONTH

None to report

List of Port Authority Bills in the Amount of \$0.00

Council Meeting of July 1, 2013

Mayor Mark Dehen

Council Member Kim Spears

Council Member Diane Norland

Council Member William Steiner

Council Member Robert Freyberg

List of Bills in the Amount of \$171,317.78

Council Meeting of July 1, 2013

Mayor Mark Dehen

Council Member Kim Spears

Council Member Diane Norland

Council Member William Steiner

Council Member Robert Freyberg

CLAIM REPORT
FOR REGULAR COUNCIL MEETING OF JULY 1, 2013

A+ Security, Inc.	monitoring of alarm system-Public Access	\$63.96
A Touch of Magic	summer reading program-Library	\$121.00
Abdo, Eick & Meyers	allocate TIF districts-Port Authority Tax Increment Proj	\$3,350.00
Alpha Wireless Communications	radio parts-Equipment Certificates	\$57.11
Ameripride Service	uniform & towel service-Street, Shop & Sanitation	\$487.78
American Payment Centers	utility drop box rental-Sewer Dept.	\$93.00
Angie's Artisan Treats	kettle corn for hospitality bags-Comm Dev	\$33.29
Bauer's Upholstery	equipment parts-Water Dept.	\$194.81
Bazillions, The	summer reading program-Library	\$350.00
Blue Valley Sod	mulch & rock-Mun Bldg & Park Depts.	\$376.36
Bolton & Menk, Inc.	engineering fees-Adm, Cap Fac, 2011 & 2013 Const	\$7,427.50
City of Mankato	wastewater fee for July-Sewer	\$65,000.00
Computer Technology Solutions, Inc.	computer & equipment parts-Admin & Library	\$2,201.48
Crop Production Services, Inc.	chemicals-Park Dept.	\$1,505.35
Crysteel Truck Equipment	equip parts & tool box-Insp, Park, Equip Cert & Wtr	\$2,528.75
Culver's of North Mankato	items for concessions-Caswell	\$175.00
DH Athletics	diamond dry-Caswell	\$1,170.39
Dairy Queen West	items for concessions-Caswell	\$357.00
Express Services, Inc.	temporary crossing guards-Police Dept.	\$322.17
Fastenal Company	equipment parts-Sewer Dept.	\$189.19
Ferguson Enterprises, Inc.	supplies & sump pump-Swim Fac & Storm Water	\$470.41
First Line/Leewes Ventures	items for concessions-Caswell	\$2,263.60
Flags USA, Inc.	flags-Street Dept.	\$449.00
G & H Ready Mix	concrete-Storm Water	\$603.18
Gale/Cengage Learning	books-Library & Bookmobile	\$469.12
Green, Inc., HR	levee certification-Flood Control	\$2,124.45
Hansen Sanitation	refuse pickup-Sanitation	\$48,711.05
Hiniker Homes, Inc.	waterproofing material-Swim Facility	\$227.10
Hoerst, Hazel L.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.60
Horvick, Inc.	equipment parts-Street Dept.	\$5.77
I & S Group, Inc.	site grading & drainage construction plans-Sales Tax	\$1,505.00
Ingram Library Services	books-Library & Bookmobile	\$1,298.70
JT Services	equipment parts-Park Dept.	\$268.44
Kaye Corporation	equipment parts-Caswell	\$60.28
Keepsr, Inc.	equipment parts-Police Dept.	\$18.16

CLAIMS CONTINUED

Kennedy & Graven, Chartered	professional service-Admin & Comm Dev	\$2,944.67
Kibble Equipment	equipment parts-Park Dept.	\$76.73
Kwik Trip, Inc.	unleaded & diesel fuel-All Depts.	\$27,437.68
LJP Enterprises, Inc.	trailer rent-Sanitation	\$600.00
Lakes Gas Company	LP gas-Sanitation	\$217.98
Larkstur Engineering	equipment parts-Park Dept.	\$29.53
Lawson Products, Inc.	supplies-Shop	\$418.58
M & M Signs, Inc.	repair field lights-Caswell	\$400.00
MCFOA	membership dues-Admin & Inspection	\$105.00
Mac Tools Distributor	tools-Shop	\$161.05
Mankato Bearing Company	equipment parts-Fire & Street Depts.	\$29.98
Mankato Public Schools	transportation for special program-Library	\$57.75
Matheson Tri-Gas, Inc.	welding supplies-Shop	\$128.51
Menards-Mankato	chemicals-Park Dept.	\$12.00
Minnesota Historical Society Press	renew subscription-Library	\$20.00
Minnesota Valley Testing Lab	water testing-Water Dept.	\$158.75
MN Dept. Employment & Economic Dev	Thin Film grant repayment-Port Auth State Rev Loan	\$2,414.02
Motion Industries	lubricant-Water Dept.	\$151.66
MRCI	wages for MRCI employees-Sanitation	\$13,393.60
Minnesota State University	work study student-Library	\$95.50
New Ulm Quartzite Quarries	sealcoat rock-Street Dept.	\$6,287.21
Newman Signs	signs-Street Dept.	\$2,575.12
Nicollet County Recorder/Abstracter	plat Northport #17 & recording fee-Port Authority	\$148.00
OverDrive	downloadable audio/ebooks-Library	\$424.51
Petty Cash, Clara Thorne	petty cash items-All Depts.	\$66.39
Red Feather Paper Co.	supplies-Swim Fac, Caswell & Water Depts.	\$205.08
Reliance Electric of Southern Minnesota	equipment parts & repair HVAC-Fire & Water Depts.	\$585.31
Rice Lake Fabricating, Inc.	equipment parts-Sanitation	\$520.00
Rist, Albert J.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.60
Rist, John A.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.59
Rist, Loren E.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.59
River Bend Business Products	copier maintenance-Mun Bldg & Street Depts.	\$979.47
Saunders, Tim	operated sound system for ArtSplash-Library	\$200.00
Schwicker's	filters-Water Dept.	\$69.58
Sign Pro	supplies-Inspection & Park Depts.	\$22.55
South Central Glass, Inc.	broken window repair for welfare check-Police Dept.	\$60.66
Southern Minnesota Construction	asphalt & emulsion oil-Street Dept.	\$11,453.12
SPS Companies, Inc.	plumbing supplies-Park Dept.	\$57.54
Staples Advantage	supplies-All Depts.	\$321.42
Streicher's	tactical uniform jacket & shirts-Police Dept.	\$264.96

CLAIMS CONTINUED

Tool Sales Company	supplies-Shop	\$36.51
US Foods	items for concessions-Caswell	\$696.85
Viking Fire & Safety	service fire extinguisher-Police Dept.	\$36.70
Viking Electric Supply	electrical supplies-Park & Water Depts.	\$127.42
WACO Scaffolding & Supply Co.	supplies-Street Dept.	\$133.55
Weir, James R. Agency, Inc.	removal of obstruction from water service-Water Dept.	\$109.00
Wenzel Auto Electric Company	equipment parts-Street Dept.	\$121.02
Werner Electric Supply	equipment parts-Sewer Dept.	\$244.64
Total		<u>\$232,248.38</u>

CLAIMS CONTINUED

General	\$58,373.39
Library	\$4,962.90
Bookmobile	\$1,178.29
Community Development	\$2,038.51
Flood Control	\$2,124.45
Port Authority	\$148.00
Capital Facilities & Equipment Replacement-Water	\$4,760.00
Port Authority State Revolving Loan Fund	\$2,414.02
Port Authority Tax Increment Project Fund	\$3,350.00
Joint Economic Development Fund	\$13,170.38
Equipment Certificates	\$1,695.72
Local Option Sales Tax Construction	\$1,505.00
2011 Construction	\$1,570.00
2013 Construction	\$280.00
Water	\$4,131.30
Sewer	\$65,753.21
Sanitary Collection	\$63,698.59
Storm Water	\$1,030.66
Public Access	\$63.96
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Total	<u>\$232,248.38</u>

PORT AUTHORITY INVOICES
FOR REGULAR COUNCIL MEETING OF JULY 1, 2013

Abdo, Eick & Meyers	allocate TIF districts-Port Auth Tax Increment Proj	\$3,350.00
Hoerst, Hazel L.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.60
MN Dept. Employment & Economic Dev	Thin Film grant repayment-Port Auth State Rev Loan	\$2,414.02
Nicollet County Recorder/Abstracter	plat Northport #17 & recording fee-Port Authority	\$148.00
Rist, Albert J.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.60
Rist, John A.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.59
Rist, Loren E.	contract for deed int less State Deed Tax-Jt. Econ Dev	\$3,292.59
Total		<u>\$19,082.40</u>

List of Port Authority Bills in the Amount of \$19,082.40

Council Meeting of July 1, 2013

Mayor Mark Dehen

Council Member Kim Spears

Council Member Diane Norland

Council Member William Steiner

Council Member Robert Freyberg

List of Bills in the Amount of \$232,248.38

Council Meeting of July 1, 2013

Mayor Mark Dehen

Council Member Kim Spears

Council Member Diane Norland

Council Member William Steiner

Council Member Robert Freyberg

CITY OF NORTH MANKATO PARK PERMIT

This permit does reserve space in a City Park.

PERMIT #: 66-2013 SHELTER: Wheeler Park Bandshell FEE: NC

TYPE OF EVENT: Local Talent Variety Show DATE VALID: 8-19-13 HOURS: 4-8pm

ORGANIZATION: _____ SIZE: 60 people

APPLICANT NAME: Elaine O. Hardwick

ADDRESS: 806 Garfield Ave CITY: North Mankato

ZIP: 56003 DAYTIME PHONE #: 507.995.2170

TENTS: NO ELECTRICITY: YES ALCOHOL: NO

AUDIO DEVICES: YES - mics, speakers/amplifiers
Amplified music or band requires Council approval

Mankato Ballet

OTHER: variety show (1-act play; individual/group music/song; dance; artwork display; poetry/readings)

PERMIT APPROVED: _____ DATE: 6-14-13

PERMIT DENIED: _____

REFER TO COUNCIL: _____
Nancy Schick
City Clerk

The following rules and regulations have been set by the City Code which apply to all parks and are enforced:

PROHIBITED

- * Vehicles are not allowed to be parked or driven on the grass for any reason unless permission is given from the Park Department.
- * Pets (Allowed in Benson Park and Bluff Park only. Must be on a 6' leash).
- * Glass containers.
- * Bonfires.
- * Snowmobiles, ATVs, golfing, swimming, boating and motorized flotation devices.
- * Audio equipment may not be played so loud as to interfere with the reasonable use of the park by others. All audio devices shall end at 8 p.m.

ALLOWED

- * Personal grills may be brought in.
- * Keg beer is allowed only with a permit.
- * Fishing/Ice fishing on Ladybug Lake and Spring Lake only.
- * Non-motorized canoes and kayaks on Ladybug Lake and Spring Lake. Children under 12 must be accompanied by an adult. Flotation device required.
- * Hog roasts are allowed in the parks on hard-surfaced lots only.

I, the undersigned, understand that the park shelter reservation fee is NOT a deposit and is NOT refundable for any reason other than inclement weather making it impossible to hold a picnic. Cancellation of this park shelter reservation will NOT result in a refund of the fee. **If prior approval is not obtained for the installation of additional tents or stakes and causes disruption of utility services, I agree to be held liable for any repairs to service lines.**

SIGNED: Elaine O. Hardwick 6/11/2013
Applicant Date

For Office Use Only	Receipt # _____	Book _____	Park _____	Police _____
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CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



Agenda Item #9A	Department: City Planner	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Setting a Public Hearing for Utility Easements Vacation, North Ridge Estates Phase XIV for 7 p.m. on Monday, August 5, 2013

BACKGROUND AND SUPPLEMENTAL INFORMATION: It is necessary to set a public hearing for the vacation of certain utility easements in North Ridge Estates Phase XIV for the relocation of a lot line. The proposed public hearing date is August 5, 2013 at 7 p.m.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Set Public Hearing to Consider Utility Easements Vacation

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Spears
_____	_____	_____	Freyberg
_____	_____	_____	Steiner
_____	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Other (specify) Petition for Vacation; Notice of Hearing

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

**NOTICE OF HEARING ON
UTILITY EASEMENTS VACATION
NORTH RIDGE ESTATES PHASE XIV**

NOTICE IS HEREBY GIVEN that the City Council of the City of North Mankato, Minnesota, will hold a public hearing on Monday, August 5, 2013, commencing at 7:00 p.m. in the Council Chambers of the Municipal Building, 1001 Belgrade Avenue, to consider the vacation of the following described utility easements vacation in North Ridge Estates Phase XIV:

- The easterly 5 feet of Lot 1, Block 1.
- The westerly 5 feet of Lot 2, Block 1.

Dated this 1st day of July, 2013.

Nancy Gehrke, CMC
City Clerk
City of North Mankato, Minnesota

PETITION FOR VACATION

The undersigned property owner hereby petitions the City Council of the City of North Mankato, Minnesota, to vacate the following utility easements which were dedicated within North Ridge Estates Phase XIV, City of North Mankato, Nicollet County, Minnesota, according to the recorded plat thereof:

- The easterly 5 feet of Lot 1, Block 1.
- The westerly 5 feet of Lot 2, Block 1.

Dated this 21st day of JUNE, 2013.



Witness



Adam Huiras, Greyknight Properties LLP

Received by City Clerk:

June 21, 2013

Date



City Clerk

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



Agenda Item #9B	Department: Const. Inspector	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Res. Awarding Bid for Project No. 13-05 Caswell North Soccer Fields Phase 2

BACKGROUND AND SUPPLEMENTAL INFORMATION: Three bids were received on June 21, 2013 for the Caswell North Soccer Complex Phase 2. This project consists of completion of the parking lot and fencing of the complex. The low bidder was W.W. Blacktopping of Mankato, Minnesota, with a bid of \$251,706.00. The engineer's estimate generated by I&S Group was \$281,722.50.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Approve Resolution Awarding Bid to W.W. Blacktopping, Inc.

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
	_____	_____	Norland
	_____	_____	Spears
	_____	_____	Freyberg
	_____	_____	Steiner
	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Tabulation of Bids</u>				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

RESOLUTION NO.

RESOLUTION AWARDING BID FOR
PROJECT NO. 13-05
CASWELL NORTH SOCCER FIELDS
PHASE 2

WHEREAS, pursuant to an advertisement for bids concerning Project No. 13-05, Caswell North Soccer Fields Phase 2, three (3) bids were received, opened, and tabulated according to law. The bids which were received and which complied with the advertisement are attached hereto as Exhibit A and are incorporated herein by reference; and

WHEREAS, it appears that W.W. Blacktopping, Inc. is the lowest responsible bidder;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH MANKATO, MINNESOTA, as follows:

1. The Mayor and City Clerk are hereby authorized and directed to enter into a contract with such lowest responsible bidder in the name of the City of North Mankato, for such improvement according to the plans and specifications approved by the City Council and on file in the Office of the City Clerk.
2. The City Clerk is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next lowest bidder shall be retained until a contract has been signed. Once the contract has been signed by the successful bidder, then the deposit of the next lowest bidder shall be returned.

Adopted by the City Council this 1st day of July 2013.

Mayor

Attest:

City Clerk



www.is-grp.com

Mankato, MN
Faribault, MN
Storm Lake, IA
Algona, IA
Sac City, IA

ARCHITECTS · ENGINEERS · PLANNERS · LAND SURVEYORS · SCIENTISTS

June 21, 2013

City of North Mankato City Council
1001 Belgrade Avenue
P.O. Box 2055
North Mankato, MN 56002-2055

Re: Bids for Caswell North Soccer Complex – Phase 2

Ladies and Gentlemen:

Per the request of the City of North Mankato the Caswell North Soccer Complex Phase 2 Work was bid on June 21, 2013. Three bids were received and opened at the office of I&S Group. This project consists of completion of the parking lot and fencing for the Soccer Complex.

The low bidder was WW Blacktopping of Mankato, Minnesota, with a bid of \$251,706.00. The engineer's estimate prepared by I&S Group, Incorporated (I&S) was \$281,722.50. The bid tabulation is attached.

The bids were checked and are in order. WW Blacktopping has worked with the City in past and has performed well. Based on this we recommend awarding the contract to WW Blacktopping for the Phase 2 work. The completion date is October 15, 2013.

Please contact us with any questions or comments.

Sincerely,

Chuck J. Brandel, P.E.

Enclosure

Tabulation of Bids
Caswell North Soccer - Phase 2
 North Mankato, MN

Bid Opening: 10:00 am June 21, 2013



ARCHITECTS - ENGINEERS - PLANNERS - LAND SURVEYORS - SCIENTISTS
 Date: 6/21/2013
 Project No. 08-11741

Item No.	Construction Item	Unit	Quantity	Engineer's Estimate		WW Blacktopping, Inc		Nielsen Black Topping, Inc.		SMC	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
	General										
2021.501	MOBILIZATION	LUMP SUM	1	\$ 8,000.00	\$ 8,000.00	\$ 9,000.00	\$ 9,000.00	\$ 8,500.00	\$ 8,500.00	\$ 8,850.00	\$ 8,850.00
2104.501	REMOVE CONCRETE CURB & GUTTER	LIN FT	72	\$ 5.00	\$ 360.00	\$ 3.50	\$ 252.00	\$ 3.50	\$ 252.00	\$ 8.00	\$ 576.00
2104.503	REMOVE CONCRETE SIDEWALK	SQ YD	73	\$ 5.00	\$ 365.00	\$ 9.25	\$ 675.25	\$ 3.00	\$ 219.00	\$ 11.55	\$ 843.15
2104.513	SAWING BITUMINOUS PAVEMENT (FULL DEPTH)	LIN FT	72	\$ 3.50	\$ 252.00	\$ 1.50	\$ 108.00	\$ 3.00	\$ 216.00	\$ 3.50	\$ 252.00
2104.603	SAWING CONCRETE WALK	LIN FT	32	\$ 4.00	\$ 128.00	\$ 4.00	\$ 128.00	\$ 5.00	\$ 160.00	\$ 10.00	\$ 320.00
2105.501	COMMON EXCAVATION (EV)	CU YD	365	\$ 6.00	\$ 2,190.00	\$ 6.50	\$ 2,372.50	\$ 10.00	\$ 3,650.00	\$ 11.50	\$ 4,197.50
2360.501	1.5" BITUMINOUS WEAR COURSE	SO YD	7,455	\$ 9.50	\$ 70,922.50	\$ 6.25	\$ 46,593.75	\$ 6.95	\$ 51,812.25	\$ 6.90	\$ 51,439.50
2360.501	2.5" BITUMINOUS NON-WEAR COURSE	SO YD	7,455	\$ 9.00	\$ 67,095.00	\$ 10.00	\$ 74,550.00	\$ 10.28	\$ 76,637.40	\$ 11.10	\$ 82,750.50
2360.501	CLASS 5 BASE PREPARATION	CY	350	\$ 25.00	\$ 8,750.00	\$ 22.50	\$ 7,875.00	\$ 10.00	\$ 3,500.00	\$ 40.00	\$ 14,000.00
2506.516	NEENAH-R-3246 CASTING ASSEMBLY	EACH	7	\$ 300.00	\$ 2,100.00	\$ 500.00	\$ 3,500.00	\$ 500.00	\$ 3,500.00	\$ 625.00	\$ 4,375.00
2521.501	8" CONCRETE APRON ON 8" CLASS 5 BASE	SO FT	243	\$ 10.00	\$ 2,430.00	\$ 11.50	\$ 2,794.50	\$ 8.00	\$ 1,944.00	\$ 7.35	\$ 1,786.05
2531.501	CONCRETE CURB & GUTTER DESIGN B618	LIN FT	1,432	\$ 15.50	\$ 22,196.00	\$ 12.00	\$ 17,184.00	\$ 11.95	\$ 17,112.40	\$ 15.20	\$ 21,766.40
2531.501	MODIFIED CONCRETE CURB & GUTTER DESIGN B618	LIN FT	910	\$ 17.50	\$ 15,925.00	\$ 15.25	\$ 13,877.50	\$ 15.00	\$ 13,650.00	\$ 16.20	\$ 14,742.00
2573.502	WOODMULCH BERM	LIN FT	146	\$ 1.50	\$ 219.00	\$ 5.00	\$ 730.00	\$ 3.00	\$ 438.00	\$ 4.30	\$ 627.80
2573.530	STORM DRAIN INLET PROTECTION	EACH	8	\$ 250.00	\$ 2,000.00	\$ 125.00	\$ 1,000.00	\$ 200.00	\$ 1,600.00	\$ 125.00	\$ 1,000.00
2573.602	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	1	\$ 1,000.00	\$ 1,000.00	\$ 850.00	\$ 850.00	\$ 1,500.00	\$ 1,500.00	\$ 2,000.00	\$ 2,000.00
101	STRIPING	LS	1	\$ 3,000.00	\$ 3,000.00	\$ 1,500.00	\$ 1,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,850.00	\$ 2,850.00
102	H.C. PARKING SIGN	EACH	6	\$ 250.00	\$ 1,500.00	\$ 35.00	\$ 210.00	\$ 300.00	\$ 1,800.00	\$ 300.00	\$ 1,800.00
103	NEENAH R-1733 CLEANOUT HOUSING	EACH	2	\$ 300.00	\$ 600.00	\$ 500.00	\$ 1,000.00	\$ 350.00	\$ 700.00	\$ 835.00	\$ 1,670.00
104	SEEDING	AC	0.76	\$ 1,500.00	\$ 1,140.00	\$ 1,600.00	\$ 1,216.00	\$ 5,000.00	\$ 3,800.00	\$ 2,000.00	\$ 1,520.00
2521.501	6" CONCRETE WALK W/ 6" AGGREGATE BASE	SO FT	965	\$ 6.00	\$ 5,790.00	\$ 5.30	\$ 5,114.50	\$ 4.50	\$ 4,342.50	\$ 6.25	\$ 6,031.25
105	TRUNCATED DOMES	SO FT	48	\$ 15.00	\$ 720.00	\$ 32.00	\$ 1,536.00	\$ 45.00	\$ 2,160.00	\$ 50.00	\$ 2,400.00
106	6" FENCING	LIN FT	3776	\$ 15.00	\$ 56,640.00	\$ 14.00	\$ 52,864.00	\$ 12.88	\$ 48,634.88	\$ 14.00	\$ 52,864.00
107	6' X 4' SWING GATE	EACH	6	\$ 500.00	\$ 3,000.00	\$ 425.00	\$ 2,550.00	\$ 515.00	\$ 3,090.00	\$ 425.00	\$ 2,550.00
108	6' X 8' SWING GATE	EACH	1	\$ 1,000.00	\$ 1,000.00	\$ 625.00	\$ 625.00	\$ 400.00	\$ 400.00	\$ 510.00	\$ 510.00
109	6' X 12' SLIDE GATE	EACH	3	\$ 1,500.00	\$ 4,500.00	\$ 1,200.00	\$ 3,600.00	\$ 1,200.00	\$ 3,600.00	\$ 1,525.00	\$ 4,575.00
				\$	\$ 281,722.50	\$	\$ 251,706.00	\$	\$ 255,718.43	\$	\$ 286,296.15

CITY OF NORTH MANKATO



REQUEST FOR COUNCIL ACTION

Agenda Item #9C	Department: Finance Director	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Property and Casualty Insurance Renewal and Workers' Compensation Renewal

BACKGROUND AND SUPPLEMENTAL INFORMATION: Attached is property/casualty and workers' compensation insurance premium historical and current data. Jay Weir, Weir Insurance Agency will be at the meeting to present information.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Approve renewal of policies.

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
	_____	_____	Norland
	_____	_____	Spears
	_____	_____	Freyberg
	_____	_____	Steiner
	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Memorandum, historical and current</u>				
<u>renewal of insurance premium data.</u>				

<input type="checkbox"/>	Workshop
<input checked="" type="checkbox"/>	Regular Meeting
<input type="checkbox"/>	Special Meeting

<input type="checkbox"/>	Refer to: _____
<input type="checkbox"/>	Table until: _____
<input type="checkbox"/>	Other: _____



CITY OF NORTH MANKATO

Memorandum

To: Honorable Mayor and City Council
From: Clara Thorne, Finance Director
Subject: Property/Casualty and Workers' Compensation Insurance Renewal
Date: June 27, 2013
Cc:

Jay Weir from the Weir Agency will be at the July 1, 2013 Council meeting to present the City's property/casualty and workers' compensation renewals.

Property/casualty and workers' compensation insurance premiums for 2013/2014 total \$263,648 compared to the prior period's \$250,659. The workers' compensation premium decreased \$5,633 mostly due to a decrease in the City's experience modification from 0.91 to 0.87. Altogether, the premiums show a net increase of \$12,989 from the prior year.

Attached are schedules showing our premium history for workers' compensation and property/casualty insurance and a packet for the 2013/2014 property-casualty and workers' compensation insurance renewal.

We recommend approval of the renewal of the property/casualty and workers' compensation insurance with the League of Minnesota Cities Insurance Trust.

CITY OF NORTH MANKATO
PROPERTY/CASUALTY INSURANCE COMPARISONS
2008 - 2013

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Premium	\$133,484	\$135,209	\$141,175	\$143,611	\$139,939	\$158,561
Dividend	\$14,681	\$31,380	\$33,937	\$40,053	\$56,762	
Net Premium	\$118,803	\$103,829	\$107,238	\$103,558	\$83,177	\$158,561

CITY OF NORTH MANKATO
WORKERS' COMPENSATION INSURANCE COMPARISONS
1999 - 2013

<u>Coverage Period</u>	<u>Experience Modification</u>	<u>Net Premium</u>
2013-2014	0.87	\$105,087
2012-2013	0.91	\$110,720
2011-2012	0.86	\$99,691
2010-2011	0.94	\$112,601
2009-2010	0.87	\$109,964
2008-2009	0.82	\$98,071
2007-2008	0.77	\$81,577
2006-2007	0.83	\$79,878
2005-2006	0.88	\$75,559
2004-2005	1.07	\$77,896
2003-2004	1.30	\$81,602
2002-2003	1.28	\$81,000
2001-2002	1.13	\$63,905
2000-2001	0.91	\$49,717
1999-2000	0.96	\$34,571

James R. Weir
Insurance Agency, Inc.

INSURANCE COVERAGES FOR:

**City of North Mankato
1001 Belgrade Avenue
North Mankato, MN 56003**

POLICY TERM:

**May 1, 2013 to May 1, 2014 Property-Casualty
July 1, 2013 to July 1, 2014 Workers Comp.**

PRESENTED BY:

**Jay P. Weir
James R. Weir Insurance Agency, Inc.
208 North Broad Street
Mankato, MN 56001**



208 North Broad Street • P.O. Box 1146 • Mankato, MN 56002
507-387-3433 • Fax 507-387-7052
www.weirinsurance.com



VALUATION

The establishment of adequate amounts of insurance is the responsibility of the insured. However, we are available to suggest methods to help you in determining insurance values. Upon acceptance of this proposal, the insurance amounts represent values selected by you. These values usually change over time. Please review them carefully. There could be a claim settlement deficiency, even in the case of a small loss, if insurance values are not adequate.

WHO IS AN INSURED

The full "Named Insured" on your policies will read:

City of North Mankato & Port Authority

Additional Interests insured are:

Housing and Development Authority

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

PROPERTY

Municipal Building – 1001 Belgrade Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,865,178	\$5,000
Contents	\$ 798,642	\$5,000
Extra Expense	Actual	

Street Department – Sherman & Webster

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Property In Open	\$ 115,553	\$5,000

Street Department – Sherman & Webster

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,037,624	\$5,000
Contents	\$ 175,376	\$5,000

Cold Storage Shed – Sherman & Webster

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 199,885	\$5,000
Contents	\$ 185,286	\$5,000

Salt Storage Shed – Sherman & Webster

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 36,923	\$5,000

Steel Storage Building – 1139 Center Street

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 50,289	\$5,000

Comfort Station – Bluff Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 57,292	\$5,000

Gazebo – Bluff Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 13,369	\$5,000

Gazebo – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 13,369	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

Press Box – Caswell Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 40,741	\$5,000

2 Gazebos – Caswell Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 33,101	\$5,000

Comfort Station – Riverview Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 101,216	\$5,000

Bath House & Swimming Facility – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 859,381	\$5,000
Contents	\$ 33,223	\$5,000

Hockey Building – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 43,287	\$5,000
Contents	\$ 3,451	\$5,000

Pump House – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 3,820	\$5,000
Contents	\$ 35,984	\$5,000

Park Shelter – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 35,649	\$5,000

Park Shelter – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 17,823	\$5,000

Park Shelter – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 19,097	\$5,000

Park Shelter – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 17,823	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

Park Shelter – Spring Lake Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 17,823	\$5,000

Park Shelter – Wheeler Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 123,495	\$5,000

Park Shelter – Wheeler Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 14,004	\$5,000

Band Shell – Wheeler Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 31,434	\$5,000

Water Plant #1 – 903 Belgrade Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 776,626	\$5,000
Contents	\$ 338,623	\$5,000

Water Tower – Tower Boulevard

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,752,649	\$5,000

Water Tower – Carlson Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 954,869	\$5,000

Pumphouse – 935 South Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 9,548	\$5,000
Contents	\$ 8,306	\$5,000

Water Plant #2 – 1885 Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$3,704,890	\$5,000
Contents	\$ 504,740	\$5,000

850 KVV Generator – 1885 Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 171,876	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

Storage Tank – 1885 Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,133,111	\$5,000

Storage Tank – 903 Belgrade Ave.

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 840,284	\$5,000

Water Reservoir – Bellview Heights

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 286,461	\$5,000

Water Reservoir – Bellview Heights

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 133,682	\$5,000

Well House/Equipment Building – Caswell Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 337,387	\$5,000
Contents	\$ 70,280	\$5,000

Lift Station #1 – River Crossing

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,254,061	\$5,000
Contents	\$ 57,503	\$5,000

Lift Station #3 – Langness Heights

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 38,195	\$5,000

Lift Station #4 – Oak Forest

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 38,195	\$5,000

Lift Station #6 – North Ridge

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 76,390	\$5,000

Lift Station #7 – Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 76,390	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

Lift Station #8 – Forest Heights Park & Edgewood Addn.

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 95,487	\$5,000

Maintenance Facility – 1139 Center Street

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 612,389	\$5,000
Contents	\$ 245,982	\$5,000

Office – 2070 Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$2,043,418	\$5,000

Police Annex – 1001 Belgrade Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,636,008	\$5,000
Contents	\$ 798,642	\$5,000

Fire Department – 1825 Howard Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,893,186	\$5,000
Contents	\$ 734,750	\$5,000

Park Restroom – 701 Webster Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 108,219	\$5,000

Public Library – 1001 Belgrade Avenue

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,600,000	\$5,000
Contents	\$ 785,864	\$5,000

Restroom, Press Box, and Concession Stand – Caswell Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 188,255	\$5,000

Recycling Center – 600 Webster

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$1,715,187	\$5,000
Contents	\$ 245,925	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

Public Works – 2005 Carlson Drive

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 796,338	\$5,000
Contents	\$ 122,962	\$5,000

Sewer Lift Station – Aspen Lane

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 219,240	\$5,000

Lift Station – Reserve Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 292,320	\$5,000

Shelter – Reserve Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 60,900	\$5,000

Storage Shed – Caswell Park

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 100,000	\$5,000

Sanitary Lift Station - Parks Edge Subdivision

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Building	\$ 125,000	\$5,000

Citywide - Sirens

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Property In Open	\$ 261,375	\$5,000

Citywide - Sculptures

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Property In Open	\$ 83,900	\$5,000

Caswell Soccer Fields - Lighting

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Property In Open	\$ 109,161	\$5,000

Caswell Softball Fields – Lighting, Scoreboard, Fences

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Property In Open	\$1,000,000	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

COVERAGE:

Protection for loss from direct physical damage to the described property by causes of loss insured, subject to policy terms.

KEY CONDITIONS:

Causes of Loss Insured: Special
Valuation: 100% Coinsurance

PROPERTY EXTENSIONS:

Terrorist Activity – Annual Aggregate Limit \$5,000,000 annual aggregate
Asbestos, Clean up, Abatement and Removal \$250,000 per location
Loss of Revenue, Extra Expense, and Expediting Expense \$5,000,000 per location
Debris Removal
(Direct Physical Damage to Covered Property) 25% of the estimated replacement
Cost of the Covered Property
(No Direct Physical Damage to Covered Property) \$50,000 per occurrence
Leasehold Interest \$500,000 per location
Pollutant Cleanup and Removal \$250,000 per location
Errors \$500,000 per occurrence
Rental Reimbursement \$25,000 annual aggregate
Arson Reward \$5,000 per fire loss
Accounts Receivable \$500,000 per location
Valuable Paper & Records \$500,000 per location
Extraordinary Expense \$250,000 annual aggregate
Utility Services \$100,000 per occurrence
Water and Supplemental Flood Coverage \$500,000 per occurrence
\$500,000 annual aggregate

BOND

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Faithful Performance Coverage	\$200,000	\$5,000

CRIME

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	<u>DEDUCTIBLE</u>
Theft, Disappearance and Destruction		
Sec. 1 - Inside the Premises	\$250,000	\$5,000
Sec. 2 - Outside the Premises	\$250,000	\$5,000

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

INLAND MARINE

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>
Scheduled Equipment over \$25,000	\$2,133,452
Unscheduled Equipment - \$25,000 and less	\$ 600,585
Deductible	\$ 5,000

BOILER/EQUIPMENT BREAKDOWN COVERAGE

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>
Total	\$33,309,551
Per Any 'One Accident'	\$ 5,000,000
Combined Property Damage, Loss of Income, Extra Expense, and Newly Acquired Locations	
Service Interruption	\$ 100,000
Perishable Goods	\$ 100,000
Data Restoration	\$ 100,000
Demolition and Increase Cost of Construction	\$ 100,000
Pollutants	\$ 100,000
Expediting Expenses	\$ 100,000
CFC Refrigerants	\$ 100,000
Ice Rink Buried Piping	\$ 50,000
Deductible	\$ 5,000

OPEN MEETING LAW DEFENSE COST COVERAGE

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>
Defense Costs Per Lawsuit Per Official	\$50,000
Agreement Term Aggregate Per Official	\$50,000
Deductible	\$ 5,000
*Claims-Made Policy	

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

COMMERCIAL GENERAL LIABILITY

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>
Each Occurrence	\$1,500,000
Products and Completed Operations Annual Aggregate	\$2,000,000
Failure to Supply Annual Aggregate	\$2,000,000
EMF Annual Aggregate	\$2,000,000
Mold Claim Limit	\$2,000,000
Fire Damage Limit	\$ 50,000
Medical Expense Occurrence	\$ 1,000
Medical Expense Aggregate	\$ 10,000
Limited Pollution Liability Occurrence	\$1,500,000
Limited Pollution Liability Aggregate	\$2,000,000
Outside Organization Claim Limit	\$ 100,000
Land Use, Development or Franchise Litigation	\$1,000,000
Municipal Liability Deductible	\$ 5,000

The City of North Mankato does not waive the statutory tort limits.

Claims-Made Coverage

Retroactive Dates:

Municipal Liability July 1, 1987

Limited Pollution Liability Claim May 1, 1989

COVERAGE:

The insurance company agrees to pay on the behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages, including the cost of defense, because of bodily injury, personal injury, or damage to property of others caused by an occurrence covered under the policy.

PREMIUM BASIS:

<u>DESCRIPTION</u>	<u>BASIS</u>
Operating Expenditures	\$18,916,378
Land Use	\$ 5,599
Sewer Backup	\$ 4,816
Employment	63
Police Department	12

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

COMMERCIAL AUTO

<i>COVERAGE</i>	<i>LIMIT</i>	<i>PER</i>
Liability	\$ 1,500,000	Each Accident
Personal Injury Protection	Statutory	
Uninsured Motorist	\$ 200,000	Each Accident
Underinsured Motorist	\$ 200,000	Each Accident
Physical Damage	Actual Cash Value	
Hired and Non-Owned Auto	Included	
Deductible	\$ 5,000	Each Accident

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

VEHICLE SCHEDULE:

<i>YEAR</i>	<i>MAKE</i>	<i>MODEL</i>	<i>VEHICLE I.D.</i>
1993	Ford	LT9000	0679 UNIT #906 SEWER JETTER
1978	Ford	Oil Distr	9144 UNIT #130
1993	Ford	1/2 Ton	4673 UNIT #201
1985	Ford	F-800	6530 UNIT #226
1990	Chevy	Crew Cab	1180 UNIT #124
1972	Ford	C750	6342 UNIT #129
1993	Ford	1/2 Ton	4672 UNIT #107
1987	GMC	H2O Flush	2242 UNIT #907
1984	GMC	Tandem	5137 UNIT #190
1987	Chevy	1/2 T	8207 UNIT #4
1988	Ford	1 T	5453 UNIT # 126
1993	GMC	1 T	1024 UNIT #223
1989	GMC	Sierra	0307 UNIT #218
1986	Chevy	1-ton	5627 UNIT #128
1982	Hendricksn	Fire	5895 UNIT #463
1978	Chevy	Rescue &	2503 UNIT #719
1991	Chevy	Equipment	4900 UNIT #484
1925	REO	Fire Truck	406 UNIT #441
1982	FWD	Snowplow	1230 UNIT #117
1976	Wenger	Bandshell	0340 UNIT #240
1996	Chevy	Pickup	5440 UNIT #214
1996	GMC	Jimmy	6674 UNIT #8
1996	Chevy	Pickup	4495 UNIT #306
1997	Ford	Tandem	7566 UNIT #191
1984	FWD	RO44	1161 UNIT #158
1984	FWD	RO44	1165 UNIT #156
1997	Dodge	Intrepid	6539 UNIT #3
1997	Pierce	Fire Truck	0291 UNIT #445
1997	Dodge	Intrepid	6540 UNIT #600
1997	Ford	F-150	7606 UNIT #203
1997	Ford	F250	9623 UNIT #104
1998	Chev.	3/4-ton	6925 UNIT #601
1998	Ford	LT8511	0933 UNIT #196
1998	Ford	L8511	0229 UNIT #150
1998	Ford	LT8511	0650 UNIT #195
1997	DODGE	Ram 1/2Ton	6308 UNIT #308
1998	GMC	Sierra	7454 UNIT #204
1998	Chev.	Truck	9096 UNIT#121
1998	Chev.	Truck	0538 UNIT #125
1999	Sterling	L8511	8649 UNIT #119
1999	Sterling	LT8511	8650 UNIT #198

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

1999	Ford	Explorer	5798 UNIT #718
1999	GMC	Truck	7777 UNIT #127
1999	Haulmark	Cargo	4682 UNIT #908
1993	Intern'l	IC105	3600 UNIT #1
1999	Maurer	Utility	2776 UNIT #362
1997	Gulfstream	Emerg-FEMA	3662 - UNIT #280
2001	Ford	Taurus SE	4376 UNIT#702
2001	Ford	F-250	0359 UNIT #301
1979	Generator	Trlr	1101 UNIT #909
1982	Homemade	Trlr	3455 UNIT #486
2002	Ford	F350	3353 UNIT #304
2002	Towmaster	T-40 Tlr	3094 UNIT #24
2003	Ford	F250	2794 UNIT #303
1992	TSI - Job	Trailer	8617 UNIT #510
2003	Work Horse	WP31852	1009 UNIT #485
2004	Chevy	1/2 Ton	7080 UNIT #200
1983	Barricade	Trailer	836Z UNIT #278
1989	Felling	Trailer	2256 UNIT #20
1994	Felling	Trailer	2742 UNIT #26
2004	Chevy	1/2 Ton	7108 UNIT #100
1976	Balko	Trailer	1154 UNIT #260
2000	Morbark	Chipper	3035 UNIT #271
2001	Aluma	Trailer	3495 UNIT #273
2001	Aluma	Trailer	2871 UNIT #274
2004	Chevy	Silverado	1GCHK29U74E3855998 UNIT #307
2004	Decontamin	Trailer	7577 UNIT #487
2004	Int'l	Dump Truck	2299 UNIT#192
2006	Int'l	Truck	8608 UNIT#120
2006	Ford	Explorer	4712 UNIT #701
2007	Ford	500	8382 UNIT#5
2007	Int'l	Dump Truck	1900 UNIT #193
1998	Chevy	Bucket Truck	7222 UNIT #228
2006	Ford	F150	1FTRX14W36FB46759 UNIT #500
2006	Int'l	Fire Truck	7498 UNIT #446
2006	Chevy	Grass Truck	1509 UNIT#482
2007	Dodge	Dakota	2015 UNIT#504
2006	Dodge	Dakota	9965 UNIT #202
2006	Dodge	Dakota	9966 UNIT #305
2007	Ford	500	3500 UNIT#703
2007	Dodge	2500 Quad	7491 UNIT #502
2007	GMC	Truck	6457 UNIT #483
2007	Dodge	BR3500	3752 UNIT #224
2008	Ford	Crown Vict	3227 UNIT #715
2008	Ford	Crown	6111 UNIT #714
2008	Ford	Expedition	4995 UNIT#717
1979	Kaly	Trailer	8210 UNIT#277

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

1978	Kaly	Trailer	9310 UNIT#276
2007	Trailer	Refurbished	0252 UNIT #25
2010	Ford	Crown	2FABP7BV4AX129924 #600
2012	Int'l	7400	1HTWDAAR8CJ460977 #151
2011	Ford	Crown Vic	2FABP7BV7BX148999 #711
2011	Ford	Crown Vic	2FABP7BV8BX149000 #712
2000	Ford	CB DRW	1FDWF37S2YED58356 #123
1999	Ford	F350	1FDWF37S5XEC75910 #122
2005	Ford	F350	1FDWF37525EA96750 #128
2013	GMC	Sierra	1GTR2TE72DZ314940 #302
2013	GMC	Sierra	1GTR2TE76DZ363980 #504

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability.
Please read the policy carefully.

WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY

<u>DESCRIPTION</u>	<u>LIMIT OF INSURANCE</u>	
Workers' Compensation	Per State Statute	
Employer's Liability	\$1,500,000	Bodily Injury By Accident-Each Accident
	\$1,500,000	Bodily Injury By Disease-Each Employee

COVERAGE:

WORKERS' COMPENSATION

Provides protection for loss caused by a statutory requirement to pay such compensation and other benefits as may be required by the Workers' Compensation and Occupational Disease Laws of a state except those in which private insurers are not permitted to provide the insurance.

EMPLOYER'S LIABILITY

The insurance company agrees to pay on behalf of the Insured such sums as may be imposed by the courts under common law (as distinguished from Workers' Compensation Statutory Law) because of liability for bodily injury by accident or disease, including resulting death, sustained by any employee arising out of and in the course of employment.

Employment States: Minnesota

Premium Basis:

<u>Classification</u>	<u>Code</u>	<u>Rate</u>	<u>Payroll</u>
Street Construction	5506	8.14	\$491,547
Waterworks	7520	4.15	\$280,197
Radio or Television Broadcasting	7610	.47	\$127,794
Firefighters (Volunteer)	7708	153.91	13,394 (population)
Police	7721	3.22	\$927,660
Police Reserves	7722	2.20	\$ 10,800
City Shop & Yard	8227	4.11	\$153,118
Clerical	8810	.67	\$862,948
Building Maintenance	9015	4.94	\$ 46,110
Parks	9102	3.75	\$283,629
Garbage or Refuse Collection	9403	7.34	\$ 45,132
Municipal Employees	9410	.69	\$287,661
Elected Officials	9411	.32	\$ 31,800
Experience Mod	2012 - .91	2013 - .87	

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

PREMIUM SUMMARY

<u>COVERAGE</u>	<u>2012-2013</u>	<u>2013-2014</u>
Property	\$ 46,924	\$ 56,460
Commercial General Liability	\$ 54,888	\$ 63,039
Crime	Included	Included
Commercial Auto	\$ 21,299	\$ 23,135
Inland Marine	\$ 11,589	\$ 10,483
Boiler	\$ 4,407	\$ 4,612
Open Meeting Law	Included	Included
Bonds	\$ 832	\$ 832
Workers' Compensation	\$110,720	\$105,087
TOTAL	\$250,659	\$263,648

OPTIONAL QUOTES

<u>COVERAGE</u>	<u>2012-2013</u>	<u>2013-2014</u>
Bond Option	\$300,000 Limit	\$909
Bond Option	\$500,000 Limit	\$1,061

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

COVERAGE DIFFERENCES

<u>Property & Equipment Breakdown</u>	<u>2012-2013</u>	<u>2013-2014</u>
	\$31,828,387	\$33,309,551
<u>Mobile Property</u> - Scheduled Property (Over 25,000)	\$ 2,137,837	\$ 2,133,452
Unscheduled Property (25,000 & Less)	\$ 581,399	\$ 600,585
<u>Auto</u>	94 vehicles	97 vehicles
<u>Municipal Liability</u>		
Operating Expenditures/Territory 2/Population 0-2500	\$ 8,126,904	\$18,916,378
Waterworks - Payroll	\$ 373,550	
Waterworks - Per Gallon	468,000,000	
Miles - Street - Per Mile	75	
Boats - Less Than 25 H	2	
Independent Contractors - Per \$100	\$ 5,787,715	
Pools	1	
Special Events	10,500	
E&O Other 5 year Prior Acts 1000M To 2000M	\$20,908,672	
Land Use		5,599
Sewer Backup		\$ 4,816
Employment		63
Police Department		12

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

<u>2012-2013 Workers Compensation</u>	<u>Code</u>	<u>All Cities Rates</u>	<u>Payroll</u>
City Only Experience Mod - .94			
Street Construction	5506	7.89	\$535,787
Waterworks	7520	4.03	\$326,934
Radio or Television Broadcasting	7610	.47	\$129,451
Firefighters (Volunteer)	7708	118.39	13,394 (population)
Police	7721	3.45	\$834,260
City Shop & Yard	8227	3.59	\$155,458
Clerical	8810	.80	\$836,124
Building Maintenance	9015	4.60	\$ 52,295
Parks	9102	3.65	\$352,720
Garbage or Refuse Collection	9403	8.23	\$ 52,273
Municipal Employees	9410	.58	\$326,080
Elected Officials	9411	.25	\$ 31,800

<u>2013-2014 Workers Compensation</u>	<u>Code</u>	<u>All Cities Rates</u>	<u>Payroll</u>
City Only Experience Mod - .87			
Street Construction	5506	8.14	\$491,547
Waterworks	7520	4.15	\$280,197
Radio or Television Broadcasting	7610	.47	\$127,794
Firefighters (Volunteer)	7708	153.91	13,394 (population)
Police	7721	3.22	\$927,660
Police Reserves	7722	2.20	\$ 10,800
City Shop & Yard	8227	4.11	\$153,118
Clerical	8810	.67	\$862,948
Building Maintenance	9015	4.94	\$ 46,110
Parks	9102	3.75	\$283,629
Garbage or Refuse Collection	9403	7.34	\$ 45,132
Municipal Employees	9410	.69	\$287,661
Elected Officials	9411	.32	\$ 31,800

Coverages described are subject to all the terms and conditions of the policy, including deductibles, exclusions and limits of liability. Please read the policy carefully.

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



Agenda Item #9D	Department: City Admin.	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Res. Calling for Public Hearing for 7 p.m. on Monday, August 5, 2013 on the Adoption of Amended Criteria for Awarding Business Subsidies

BACKGROUND AND SUPPLEMENTAL INFORMATION:

On September 20, 1999, the Council adopted a set of criteria for awarding business subsidies pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"). The Business Subsidy Act has subsequently been amended. In order to continue granting business subsidies, the City will be required to adopt amended criteria to bring the current policy into compliance with the Business Subsidy Act, as it has been amended. Prior to the adoption of the amended criteria, the Council must conduct a public hearing in accordance with Section 116J.994, subdivision 2 of the Business Subsidy Act. Attached is a resolution calling for a public hearing to be conducted by the Council on August 5, 2013, to adopt the amended business subsidy criteria.

To be clear, this action only sets the public hearing and does not adopt the policy. The policy is scheduled to be adopted on August 5th after the public hearing. Please be advised that adopting the Business Subsidy Act is a temporary measure that staff is recommending be completed prior to resolving the Theuninck Abatement issue so that the city complies with state statute. This entire subsidy policy will be revised as part of the economic development policy jointly developed by citizens, staff, business owners, and elected officials later this year.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Adopt Res. Setting Public Hearing

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Spears
_____	_____	_____	Freyberg
_____	_____	_____	Steiner
_____	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other (specify) Notice of Hearing, Amended and Restated Business Subsidy Policy

Workshop

Regular Meeting

Special Meeting

Refer to: _____

Table until: _____

Other: _____

EXHIBIT A
NOTICE OF PUBLIC HEARING
AMENDED BUSINESS SUBSIDY CRITERIA

Notice is hereby given that the City Council of the City of North Mankato, Minnesota (the "City") will meet at or after 7:00 p.m. on Monday, August 5, 2013, at the City Council Chambers of City Hall, located at 1001 Belgrade Avenue in the City, to conduct a public hearing on the consideration and adoption of amended and restated criteria for business subsidies under Minnesota Statutes, Sections 116J.993 to 116J.994.

A copy of the proposed amended business subsidy policy is available for inspection at City Hall during regular business hours.

All interested persons may appear at the hearing and present their views orally or prior to the meeting in writing.

Dated: July 13, 2013

**BY ORDER OF THE CITY COUNCIL OF
THE CITY OF NORTH MANKATO,
MINNESOTA**

/s/ Nancy Gehrke _____
City Clerk
City of North Mankato, Minnesota

CITY OF NORTH MANKATO, MINNESOTA

RESOLUTION NO. _____

**RESOLUTION CALLING A PUBLIC HEARING ON THE
ADOPTION OF AMENDED AND RESTATED CRITERIA FOR
AWARDING BUSINESS SUBSIDIES**

WHEREAS, pursuant to Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), state and local government agencies are allowed to grant business subsidies; and

WHEREAS, the City of North Mankato, Minnesota (the "City"), fits the definition of "grantor" under Section 116J.993, subdivision 4 of the Business Subsidy Act; and

WHEREAS, the City Council of the City adopted a set of criteria for awarding business subsidies following a duly noticed public hearing held on September 20, 1999; and

WHEREAS, the City Council of the City has determined a need to amend and restate the criteria for awarding business subsidies and is required to conduct a public hearing prior to the adoption of the amended criteria in accordance with the Business Subsidy Act;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of North Mankato, Minnesota, that

1. The City Council shall meet at or after 7:00 p.m. on Monday, August 5, 2013, in order to consider the adoption of amended and restated criteria for awarding business subsidies in accordance with the Business Subsidy Act.
2. The City Clerk is authorized and directed to cause notice of the hearing to be published at least once in the official newspaper of the City at least 10 days but no more than 30 days prior to the date of the public hearing and to place a copy of the proposed criteria on file at City Hall and to make such copy available for inspection by the public. The notice shall be substantially in the form attached as EXHIBIT A hereto.
3. This resolution shall be in full force and effect from and after its adoption.

Approved by the City Council of the City of North Mankato, Minnesota this 1st day of July, 2013.

Mark Dehen, Mayor

ATTEST:

Nancy Gehrke, City Clerk

DRAFT – FOR DISCUSSION PURPOSES

**CITY OF NORTH MANKATO
AMENDED AND RESTATED BUSINESS SUBSIDY POLICY**

Adopted: August 5, 2013

This policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creation requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

With respect to subsidies, the determination of the number of jobs to be created and the wage levels thereof shall be guided by the following principles and criteria:

- Each project shall be evaluated on a case by case basis, recognizing its importance and benefit to the community from all perspectives, including created or retained employment positions.
- If a particular project does not involve the creation of jobs, but is nonetheless found to be worthy of support and subsidy, it may be approved without any specific job or wage goals, as may be permitted by applicable law.
- In cases where the objective is the retention of existing jobs, the recipient of the subsidy shall be required to provide reasonably demonstrable evidence that the loss of those jobs is imminent.
- The setting of wage and job goals must be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the grantor nor the recipient of the subsidy has control, the individual financial resources of the recipient and the competitive environment in which the recipient's business exists. Effective for applications on or after May 1, 2003 a wage floor of \$10.00 per hour is hereby established for jobs to be created pursuant to covered subsidy agreements.

- Because it is not possible to anticipate every type of project which may in its context and time present desirable community building or preservation goals and objectives, the governing body must retain the right in its discretion to approve projects and subsidies which may vary from the principles and criteria of this Policy. If a deviation is made from the wage floor, the reason for the deviation shall be reduced to writing and reported to the State of Minnesota with the next annual subsidy report.

RESOLUTION NO. _____

CITY OF NORTH MANKATO, MINNESOTA

RESOLUTION APPROVING AMENDED AND RESTATED BUSINESS SUBSIDY POLICY

BE IT RESOLVED By the City Council (the "Council") of the City of North Mankato, Minnesota (the "City") as follows:

Section 1. Recitals.

1.01. Before awarding any "business subsidy" as defined in Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act"), the City is required to adopt criteria regarding such business subsidies after holding a public hearing.

1.02. On September 20, 1999, the Council previously approved business subsidy criteria and has now determined to amend and restate the criteria in accordance with the requirements of the Business Subsidy Act.

1.03. The Council has reviewed the Amended and Restated Business Subsidy Policy on file in City Hall, and has on the date hereof held a duly noticed public hearing, at which all interested persons were given an opportunity to be heard.

Section 2. Amended Business Subsidy Policy Approved.

2.01. The Council approves the Amended and Restated Business Subsidy Policy on file in City Hall, which criteria supersede any prior business subsidy policy or criteria adopted by the City.

2.02. City staff are authorized to transmit a copy of the Amended and Restated Business Subsidy Policy to the Minnesota Department of Employment and Economic Development in accordance with the Business Subsidy Act.

Approved by the City Council of the City of North Mankato, Minnesota this 5th day of August, 2013.

Mark Dehen, Mayor

ATTEST:

Nancy Gehrke, City Clerk

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



Agenda Item #9E	Department: City Admin.	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Res. Calling a Public Hearing for 7 p.m. on Monday, August 5, 2013 on an Amended and Restated Property Tax Abatement for Certain Property in the City of North Mankato and Granting Certain Business Subsidies to Theuninck Rolling Green Properties, LLC

BACKGROUND AND SUPPLEMENTAL INFORMATION: Theuninck Rolling Green Properties, LLC (the “Developer”) is the owner of Property located at 2101 Rolling Green Lane in the City and identified by the parcel identification number 18.242.0020, as well as the building located thereon. On January 7, 2008, the Council adopted Resolution No. 01-08, granting a property tax abatement for a period of 15 years on the Property pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 (the “Abatement Act”), for the purpose of developing a child care facility known as Bean’s Plus. The initial abatement payments were delivered to Bean’s Plus, but after Bean’s Plus went out of business, the abatement payments were provided to the Developer. The building located on the Property is now leased to an autism care facility, and the City is asked to continue to provide abatement to the Developer in order to continue to provide employment opportunities in the City, increase the City’s tax base, and provide access to services for residents of the City. To clarify the terms of the abatement, which qualifies as a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION:

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
	_____	_____	Norland
	_____	_____	Spears
	_____	_____	Freyberg
	_____	_____	Steiner
	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>Notice of Hearing, Abatement Contract</u>				

<input type="checkbox"/> Workshop	
<input checked="" type="checkbox"/> Regular Meeting	
<input type="checkbox"/> Special Meeting	

<input type="checkbox"/>	Refer to: _____
<input type="checkbox"/>	Table until: _____
<input type="checkbox"/>	Other: _____

EXHIBIT A

NOTICE OF PUBLIC HEARING

AMENDED AND RESTATED TAX ABATEMENT AND BUSINESS SUBSIDY

Notice is hereby given that the City Council of the City of North Mankato, Minnesota (the "City") will meet at or after 7:00 p.m. on Monday, August 5, 2013, at the City Council Chambers of City Hall, located at 1001 Belgrade Avenue in the City, to conduct a public hearing on amending and restating the terms of a property tax abatement previously granted under Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Act") for certain property located in the City (the "Property") currently owned by Theuninck Rolling Green Properties, LLC, a Minnesota limited liability company (the "Developer"). The proposed amended and restated abatement constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act").

The Property is located at 2101 Rolling Green Lane in the City and is identified by the parcel identification number 18.242.0020.

Following the public hearing, the City Council will consider a resolution amending and restating the terms of abatement of all or a portion of the City's share of property taxes on the Property through 2023. The City estimates that the total amount of the abatements from and after the date of amendment will be approximately \$200,000 with a maximum annual amount of \$18,000. Following the public hearing, the City Council will consider amending and restating the terms of the abatement as a business subsidy which will reimburse the Developer for a portion of the costs of constructing and improving the Property and any buildings located on the Property. A summary of the terms of the proposed business subsidy is available for inspection at City Hall during regular business hours.

Any person with a residence in the City or who is the owner of taxable property in the City may file a written complaint with the City if the City fails to comply with the Business Subsidy Act. No action may be filed against the City for the failure to comply unless a written complaint is filed. Any person wishing to express an opinion on the matters to be considered at the public hearing will be heard orally or in writing.

Dated: July 13, 2013

**BY ORDER OF THE CITY COUNCIL OF
THE CITY OF NORTH MANKATO,
MINNESOTA**

/s/ Nancy Gehrke

City Clerk

City of North Mankato, Minnesota

CITY OF NORTH MANKATO, MINNESOTA

RESOLUTION NO. _____

RESOLUTION CALLING A PUBLIC HEARING ON AN AMENDED AND RESTATED PROPERTY TAX ABATEMENT FOR CERTAIN PROPERTY IN THE CITY OF NORTH MANKATO, MINNESOTA, AND GRANTING CERTAIN BUSINESS SUBSIDIES TO THEUNINCK ROLLING GREEN PROPERTIES, LLC

WHEREAS, on January 7, 2008, the City Council of the City of North Mankato, Minnesota (the "City") adopted Resolution No. 01-08 (the "Original Abatement Resolution"), which granted a property tax abatement (the "Original Abatement") pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Act"), on property located at 2101 Rolling Green Lane in the City and identified by the parcel identification number 18.242.0020 (the "Property"); and

WHEREAS, the Original Abatement was granted for a period of fifteen (15) years to develop a child care facility in order to promote commercial, industrial and residential development in the City, and the day care facility is no longer in operation; and

WHEREAS, Theuninck Rolling Green Properties, LLC, a Minnesota limited liability company (the "Developer") is the owner of the Property and built a building on the Property following the grant of the Original Abatement (the "Minimum Improvements") to house the Bean's Plus day care facility; and

WHEREAS, the initial abatement payments were delivered to Bean's Plus, but after Bean's Plus went out of business, the abatement payments were provided to the Developer; and

WHEREAS, the building on the Property is now leased to an autism care facility; and

WHEREAS, the City has determined to consider amending and restating the terms of the Original Abatement in order to clarify the terms of the abatement and to hold a public hearing thereon in accordance with the Abatement Act; and

WHEREAS, the City estimates that the total amount of the abatements from and after the date of amendment will be approximately \$200,000 with a maximum annual amount of \$18,000; and

WHEREAS, the Original Abatement, as amended and restated (the "Abatement"), provided to the Developer by the City for the Minimum Improvements constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act"); and

WHEREAS, before the City may amend and restate the Original Abatement or provide financial assistance that constitutes a business subsidy under the Business Subsidy Act, the City must conduct a duly noticed public hearing;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of North Mankato, Minnesota that:

1. The City Council shall meet at or after 7:00 p.m. on Monday, August 5, 2013, to consider the Abatement.

2. The City Clerk is authorized and directed to cause notice of the hearing to be published at least once in the official newspaper of the City at least 10 days but no more than 30 days prior to the date of the public hearing. The notice shall be substantially in the form attached as EXHIBIT A hereto.

3. The City Clerk is authorized and directed to take all other actions necessary to bring the proposed abatement and business subsidy before the City Council at the time of the public hearing.

4. This resolution shall be in full force and effect from and after its adoption.

Approved by the City Council of the City of North Mankato, Minnesota this 1st day of July, 2013.

Mark Dehen, Mayor

ATTEST:

Nancy Gehrke, City Clerk

DRAFT
June 27, 2013

ABATEMENT CONTRACT

By and Between

CITY OF NORTH MANKATO, MINNESOTA

and

THEUNINCK ROLLING GREEN PROPERTIES, LLC

Dated: August __, 2013

This document was drafted by:
KENNEDY & GRAVEN, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, Minnesota 55402
Telephone: (612) 337-9300

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ABATEMENT CONTRACT

THIS ABATEMENT CONTRACT (the "Agreement"), made and entered into as of this _____ day of August, 2013, is by and between the CITY OF NORTH MANKATO, MINNESOTA, a municipal corporation under the laws of Minnesota (the "City"), and THEUNINCK ROLLING GREEN PROPERTIES, LLC, a Minnesota limited liability company (the "Developer").

RECITALS

WHEREAS, pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815, as amended (the "Abatement Act") the City is authorized to abate property taxes in order to provide access to services for residents of the City, increase or preserve tax base and provide employment opportunities; and

WHEREAS, on January 7, 2008, the City Council of the City adopted Resolution No. 01-08 (the "Original Abatement Resolution"), which granted a property tax abatement (the "Original Abatement") pursuant to the Abatement Act on property located at 2101 Rolling Green Lane in the City and identified by the parcel identification number 18.242.0020 (the "Development Property"); and

WHEREAS, the Original Abatement was granted for a period of fifteen (15) years to develop a child care facility in order to promote commercial, industrial and residential development in the City and the day care facility is no longer in operation; and

WHEREAS, the Developer is the owner of the Development Property and the Developer built a _____ square foot building on the Development Property following the grant of the Original Abatement (the "Minimum Improvements") to house the day care facility; and

WHEREAS, the Developer currently leases the Minimum Improvements to an autism care facility; and

WHEREAS, pursuant to Resolution No. _____ (the "Abatement Resolution") adopted by the City Council of the City on August 5, 2013, the City amended the Original Abatement in order to continue to provide the Abatement to the Developer through calendar year 2023, with a maximum amount of Abatement equal to \$216,280; and

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

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

ARTICLE I
Definitions

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

“Abatement” means the real property taxes generated in any tax-payable year by extending the City’s total tax rate for that year against the tax capacity of the Minimum Improvements and the Development Property, excluding the tax capacity of the Development Property (as established each year during the Abatement), and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F.

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

“Abatement Resolution” means Resolution No. 01-08, approved by the City Council on January 7, 2008, as amended and restated by Resolution No. _____, approved by the City Council of the City on August 5, 2013, regarding abatement of property taxes on the Development Property.

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

“Available Abatement” means, on each Payment Date, the sum of the Abatement generated in the preceding six (6) months with respect to the Minimum Improvements and remitted to the City by the County.

“Business Subsidy Act” means Minnesota Statutes, Sections 116J.993 through 116J.995, as amended.

“City” means the City of North Mankato, Minnesota.

“County” means Nicollet County, Minnesota.

“Developer” means Theuninck Rolling Green Properties, LLC, and its registers and assigns.

“Development Property” means the real property described as such in the recitals of this Agreement.

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

“Holder” means the owner of a Mortgage.

“Minimum Improvements” means the _____ square foot building located on the Development Property.

“Mortgage” means any mortgage made by the Developer which is secured, in whole or in part, with the Development Property.

“Payment Date” means each February 1 and August 1, commencing August 1, 2013.

“State” means the State of Minnesota.

“Tax Official” means any County assessor, County auditor, County or State board of equalization, the commissioner of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” has the meaning provided in Section 3.2(a).

ARTICLE II

Representations and Warranties

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

- (a) The City has the power to enter into this Agreement and carry out its obligations hereunder.
- (b) The activities of the City are undertaken for the purposes of providing services to residents of the City, increasing the tax base of the City and State, and creating employment opportunities.

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

- (a) The Developer is a Minnesota limited liability company in good standing under the laws of Minnesota and has the power to enter into this Agreement.
- (b) The Developer will operate and maintain the Minimum Improvements in accordance with the terms of this Agreement and all local, State and federal laws and regulations (including, but not limited to, environmental, zoning, building code and public health laws and regulations).
- (c) The Developer has received no notice or communication from any local, state or federal official that the activities of the Developer may be or will be in violation of any environmental law or regulation (other than those notices or communications of which the City is aware). The Developer is aware of no facts the existence of which would cause it to be in violation of or give any person a valid claim under any local, state or federal environmental law, regulation or review procedure.

(d) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporate restriction or any evidences of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing, which default or breach might prevent the Developer from performing its obligations under this Agreement.

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

ARTICLE III

Status of Property; Property Tax Abatement

Section 3.1. Status of the Development Property. The Developer owns the Development Property and originally built the building on the Development Property to house a day care facility. The building is now leased to an autism care facility. The City has no obligation to acquire any interest in the Development Property.

Section 3.2. Property Tax Abatement.

(a) Generally. In furtherance of the objectives set forth in the Abatement Resolution, and subject to the terms and conditions of this Agreement, the City will pay Available Abatement to the Developer on each February 1 and August 1 (each a "Payment Date") commencing August 1, 2013, and terminating on the earlier of the date that (i) the total Abatement paid since 2010 equals \$216,280 or (ii) February 1, 2024 (the "Termination Date").

(b) Limitations. The pledge of Available Abatement is subject to all the terms and conditions of the Abatement Resolution. The Available Abatements are payable solely from and to the extent of the Abatement, and nothing herein shall be construed to obligate the City to make payments from any other funds. The City makes no warranties or representations as to the amount of the Available Abatement. Any estimates of Available Abatement amounts prepared by the City or its consultants are for the benefit of the City only, and the Developer is not entitled to rely on such estimates.

The Developer further acknowledges that the total property tax abatements payable by the City in any year may not exceed the greater of \$200,000 or ten percent of the City's levy for that year (such limit referred to as the "Abatement Volume Cap"), all pursuant to Section 469.1813, subdivision 8 of the Abatement Act. The City does not warrant or represent that the Abatements in the amounts pledged under this Agreement will be within the City's Abatement Volume Cap.

Section 3.3. Business Subsidy Agreement. The provisions of this Section constitute the “business subsidy agreement” for the purposes of the Business Subsidy Act.

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

(1) The subsidy provided to the Developer consists of the principal amount of the Abatement described in Section 3.2.

(2) The public purposes of the subsidy are to facilitate the operation of an autism care center, to provide services to residents of the City, to promote job creation in the City, and to increase the tax base of the City.

(3) The goals for the subsidy are: to secure development of the Minimum Improvements on the Development Property; to maintain such improvements as an autism care center, for at least five years as described in clause (6) below; and to create the jobs and wage levels described in Section 3.3(b).

(4) If the goals described in clause (3) are not met, the Developer must make the payments to the City described in Section 3.3(c).

(5) The subsidy was needed to induce Developer to make the cost of the Minimum Improvements financially feasible.

(6) The Developer must continue operation of the Minimum Improvements as an autism care center for a period of five years from the date of this Agreement.

(7) The Developer does not have a parent corporation.

(8) The Developer has not received, and does not expect to receive, further financial assistance from any other “grantor” as defined in the Business Subsidy Act, in connection with the Development Property or the Minimum Improvements.

(b) *Job and Wage Goals*. The “Benefit Date” for the amended Abatement shall be the date of this Agreement. Within two years after the Benefit Date (the “Compliance Date”), the Developer shall cause to be created at least 10 full-time equivalent jobs in the Minimum Improvements with wages for each such full-time job of no less than \$15.00 per hour, excluding benefits. Notwithstanding anything to the contrary herein, if the wage and job goals described in this paragraph are met by the Compliance Date, those goals are deemed satisfied despite the Developer’s continuing obligations under Sections 3.3(a)(6) and 3.3(d). The City may, after a public hearing, extend the Compliance Date by up to one year, provided that nothing in this section will be construed to limit the City’s legislative discretion regarding this matter.

(c) *Remedies*. If the Developer fails to meet the goals described in Section 3.3(a)(3), the Developer shall repay to the City upon written demand from the City a “pro rata share” of the outstanding principal amount of the Abatement together with interest based on the rate set forth in

Section 116J.994, subdivision 6 of the Business Subsidy Act, accrued from the date of the default to the date of payment. The term “pro rata share” means a percentage 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 minimum wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the Minimum Improvements in accordance with Section 3.3(a)(6), 60 less the number of months of operation as an autism care center commencing on the Benefit Date and ending with the date the facility ceases operation as determined by City staff, divided by 60; and

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

Nothing in this Section shall be construed to limit the City’s remedies under Article VII hereof. In addition to the remedy described in this Section and any other remedy available to the City for failure to meet the goals stated in Section 3.3(a)(3), the Developer agrees and understands that it may not receive a business subsidy from the City or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Developer satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Developer must submit to the City a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2014, and continuing until the later of (i) the date the goals stated Section 3.3(a)(3) are met; (ii) 30 days after expiration of the period described in Section 3.3(a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section 3.3(c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The City will provide information to the Developer regarding the required forms. If the Developer fails to timely file any report required under this Section, the City will mail the Developer a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Developer fails to provide a report, the Developer must pay to the City a penalty of \$100 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is \$1,000.

Section 3.4. Payment of Administrative Costs. The Developer will pay to the City all out-of-pocket costs incurred by the City (including without limitation attorney and fiscal consultant fees) in the negotiation and preparation of this Agreement and other documents and agreements in connection with the development contemplated hereunder (collectively, the “Administrative Costs”). Administrative Costs shall be evidenced by invoices, statements or other reasonable written evidence of the costs incurred by the City. The Developer shall pay Administrative Costs from time to time within 30 days after receipt of written notice thereof from the City.

ARTICLE IV
Minimum Improvements

Section 4.1. Maintenance and Operation of Minimum Improvements. The Developer shall operate the Minimum Improvements as an autism care center for the duration of the Abatement. During the term of the Abatement, the Developer shall cause the Minimum Improvements to be maintained in good condition. Further, Developer shall maintain customary and reasonable insurance on the Minimum Improvements.

ARTICLE V
Taxes

Section 5.1. Right to Collect Delinquent Taxes. The Developer acknowledges that the City is providing substantial aid and assistance in furtherance of the Minimum Improvements through the pledge of Available Abatement under this Agreement. The Developer understands that the Abatement pledged under this Agreement is derived from real estate taxes on the Development Property, which taxes must be promptly and timely paid. To that end, the Developer agrees for itself, its successors and assigns, in addition to the obligation pursuant to statute to pay real estate taxes, that it is also obligated by reason of this Agreement to pay before delinquency all real estate taxes assessed against the Development Property and the Minimum Improvements. The Developer acknowledges that this obligation creates a contractual right on behalf of the City to sue the Developer or its successors and assigns to collect delinquent real estate taxes and any penalty or interest thereon and to pay over the same as a tax payment to the County auditor. In any such suit, the City shall also be entitled to recover its costs, expenses and reasonable attorney fees.

Section 5.2. Reduction of Taxes. Prior to the Termination Date the Developer will not (a) cause a reduction in the real property taxes paid in respect of the Development Property through willful destruction of the Minimum Improvements or any part thereof; (b) fail to reconstruct the Minimum Improvements if damaged or destroyed; (c) apply for a deferral of property tax on the Development Property under any law; or (d) convey or transfer or allow conveyance or transfer of the Development Property to any entity that is exempt from payment of real property taxes under State law. The Developer also agrees that it will not, prior to the Termination Date, seek exemption from property tax for the Development Property or any portion thereof or seek a reduction in the estimated market value of the Development Property for tax purposes.

ARTICLE VI

Prohibitions Against Assignment and Transfer; Indemnification

Section 6.1. Representation as to Development. The Developer's purchase of the Development Property, and its other undertakings pursuant to the Agreement, are, and will be used, for the purpose of development of the Development Property and not for speculation in land holding.

Section 6.2. Prohibition Against Developer's Transfer of Property and Assignment of Agreement. Prior to the Termination Date:

(a) Except only by way of security for, and only for, the purpose of obtaining financing necessary to enable the Developer or any successor in interest to the Development Property, or any part thereof, to perform its obligations with respect to maintaining the Minimum Improvements under this Agreement, and any other purpose authorized by this Agreement, the Developer has not made or created and will not make or create or suffer to be made or created any total or partial sale, assignment, conveyance, or lease, or any trust or power, or transfer in any other mode or form of or with respect to the Agreement or the Development Property or any part thereof or any interest therein, or any contract or agreement to do any of the same, to any person or entity whether or not related in any way to the Developer (collectively, a "Transfer"), without the prior written approval of the City unless the Developer remains liable and bound by this Agreement in which event the City's approval is not required. Any such Transfer shall be subject to the provisions of this Agreement. Notwithstanding anything to the contrary in this Section, the Developer may assign its rights under this Agreement to the Holder of a Mortgage, provided the Mortgage is approved by the City in accordance with Article VII hereof.

(b) In the event the Developer, upon Transfer of the Development Property or any portion thereof, seeks to be released from its obligations under this Agreement as to the portions of the Development Property that is transferred or assigned, the City shall be entitled to require, except as otherwise provided in the Agreement, as conditions to any such release that:

(i) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer as to the portion of the Development Property to be transferred.

(ii) Any proposed transferee, by instrument in writing satisfactory to the City and in form recordable in the public land records of Nicollet County, Minnesota, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement as to the portion of the Development Property to be transferred and agreed to be subject to all the conditions and restrictions to which the Developer is subject as to such portion; provided, however, that the fact that any transferee of, or any other successor in interest whatsoever to, the Development Property, or any part thereof, shall not, for whatever reason, have assumed such obligations or so agreed, and shall not (unless and only to the extent otherwise specifically provided in this Agreement or agreed to in writing by the City)

deprive the City of any rights or remedies or controls with respect to the Development Property or any part thereof or the construction of the Minimum Improvements; it being the intent of the parties as expressed in this Agreement that (to the fullest extent permitted at law and in equity and excepting only in the manner and to the extent specifically provided otherwise in this Agreement) no transfer of, or change with respect to, ownership in the Development Property or any part thereof, or any interest therein, however consummated or occurring, and whether voluntary or involuntary, shall operate, legally or practically, to deprive or limit the City of or with respect to any rights or remedies on controls provided in or resulting from this Agreement with respect to the Minimum Improvements that the City would have had, had there been no such transfer or change. In the absence of specific written agreement by the City to the contrary, no such transfer or approval by the City thereof shall be deemed to relieve the Developer, or any other party bound in any way by this Agreement or otherwise with respect to the construction of the Minimum Improvements, from any of its obligations with respect thereto.

(iii) Any and all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property governed by this Article VII, shall be in a form reasonably satisfactory to the City.

In the event the foregoing conditions are satisfied then the Developer shall be released from its obligation under this Agreement, as to the portion of the Development Property that is transferred, assigned or otherwise conveyed.

Section 6.3. Release and Indemnification Covenants.

(a) The City and its governing body members, officers, agents, servants and employees (the "Indemnified Parties") shall not be liable for and the Developer shall indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or the Minimum Improvements.

(b) Except for any willful misrepresentation or any willful or wanton misconduct or negligence of the Indemnified Parties, and except for any breach by any of the Indemnified Parties of their obligations under this Agreement, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, maintenance and operation of the Development Property or the Minimum Improvements.

(c) The Indemnified Parties shall not be liable for any damage or injury to the persons or property of the Developer or its officers, agents, servants or employees or any other person who may be about the Development Property or Minimum Improvements.

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

ARTICLE VII **Events of Default**

Section 7.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events, after the non-defaulting party provides 30 days’ written notice to the defaulting party of the event, but only if the event has not been cured within said 30 days or, if the event is by its nature incurable within 30 days, the defaulting party does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the event will be cured and will be cured as soon as reasonably possible:

(a) failure by either party to observe or perform any covenant, condition, obligation or agreement on its part to be observed or performed hereunder;

(b) commencement by the Holder of any Mortgage on the Development Property or any improvements thereon, or any portion thereof, of foreclosure proceedings as a result of default under the applicable Mortgage documents;

(c) the Developer fails to make timely payments under or defaults with respect to any other agreement or contract with the City or the North Mankato Port Authority Commission, including but not limited to the mortgage and promissory note executed by Developer for the benefit of the North Mankato Port Authority Commission relating to the \$300,000 loan provided by the North Mankato Port Authority in December, 2010; and

(d) if the Developer shall

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act or under any similar federal or State law; or

(ii) make an assignment for benefit of its creditors; or

(iii) admit in writing its inability to pay its debts generally as they become due;

or

(iv) be adjudicated a bankrupt or insolvent.

Section 7.2. Remedies on Default. Whenever any Event of Default referred to in Section 7.1 of this Agreement occurs, the City may exercise any of the following rights under this Section 7.2 after providing 30 days’ written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said 30 days or, if the Event of Default

is by its nature incurable within 30 days, the Developer does not, within such 30-day period, provide assurances reasonably satisfactory to the party providing notice of default that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives reasonably satisfactory assurances that the Developer will cure its default and continue its performance under this Agreement.

(b) Terminate this Agreement.

(c) If the Event of Default is a failure to meet the job and wage requirements under Section 3.3(b) hereof, the City may exercise the remedy described in Section 3.3(c).

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

Section 7.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article VII.

Section 7.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 7.5. Attorney Fees. Whenever any Event of Default occurs and if the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer shall, within 10 days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 7.6 Default by City. Notwithstanding anything to the contrary herein, in the event the City fails to perform any covenant, condition, obligation or agreement on its part, and such failure has not been cured within 30 days after receipt of written notice to the City from the Developer, or if such failure is by its nature incurable within 30 days, the City does not, within such 30-day limit, provide assurances reasonably satisfactory to the Developer that the failure will be cured as soon as reasonably possible, then the Developer may exercise such remedies as

may be available at law or in equity with respect to the defaulting City. The terms of Section 7.3 and Section 7.4 (but not Section 7.5) apply in favor the Developer as well as the City.

ARTICLE VIII

Additional Provisions

Section 8.1. Conflict of Interests; Representatives Not Individually Liable. The City and the Developer, to the best of their respective knowledge, represent and agree that no member, official, or employee of the City shall have any personal interest, direct or indirect, in the Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership, or association in which he is, directly or indirectly, interested. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligations under the terms of this Agreement.

Section 8.2. Equal Employment Opportunity. The Developer, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement it will comply with all applicable federal, State and local equal employment and non-discrimination laws and regulations.

Section 8.3. Restrictions on Use. The Developer agrees that until the Termination Date, the Developer, and any successors and assigns, shall devote the Development Property to the operation of the Minimum Improvements for uses described in the definition of such term in this Agreement, and shall not discriminate upon the basis of race, color, creed, sex or national origin in the sale, lease, or rental or in the use or occupancy of the Development Property or any improvements erected or to be erected thereon, or any part thereof.

Section 8.4. Provisions Not Merged With Deed. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring any interest in the Development Property and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement.

Section 8.5. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 8.6. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to the Developer at Theuninck Rolling Green Properties, LLC, 1424 Shoreway Drive, Kasota, MN 56050; and

(b) in the case of the City, is addressed to or delivered personally to the City at City Hall, 1001 Belgrade Avenue, North Mankato, MN 56002, Attn: City Administrator;

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

Section 8.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 8.8. Recording. The City may record this Agreement and any amendments thereto with the Nicollet County recorder. The Developer shall pay all costs for recording.

Section 8.9. Amendment. This Agreement may be amended only by a written agreement approved by all parties hereto.

Section 8.10. Governing Law. This Agreement is made and shall be governed in all respects by the laws of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 8.11. Severability. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 8.12. Entire Agreement. This Agreement, together with its exhibits, which are incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning this Agreement, provided that nothing contained herein shall impair the rights of the City or the obligations of the Developer under any other agreement between the City and the Developer. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by both parties hereto. Without limitation of the foregoing, any modification is subject to the restrictions on modifications set forth in the Abatement Resolution.

(The remainder of this page is intentionally left blank.)

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

CITY OF NORTH MANKATO, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
) SS.
COUNTY OF NICOLLET)

The foregoing instrument was acknowledged before me this ____ day of August, 2013, by Mark Dehen, the Mayor of the City of North Mankato, Minnesota, on behalf of the City.

Notary Public

STATE OF MINNESOTA)
) SS.
COUNTY OF NICOLLET)

The foregoing instrument was acknowledged before me this ____ day of August, 2013, by John Harrenstein, the City Administrator of the City of North Mankato, Minnesota, on behalf of the City.

Notary Public

CITY OF NORTH MANKATO, MINNESOTA

RESOLUTION NO. _____

RESOLUTION AMENDING AND RESTATING A PROPERTY TAX ABATEMENT PREVIOUSLY GRANTED FOR CERTAIN PROPERTY IN THE CITY OF NORTH MANKATO; AND APPROVING AN ABATEMENT CONTRACT (INCLUDING A BUSINESS SUBSIDY AGREEMENT) WITH THEUNINCK ROLLING GREEN PROPERTIES, LLC

BE IT RESOLVED by the City Council (the "City Council") of the City of North Mankato, Minnesota (the "City") as follows:

Section 1. Recitals.

1.01. On January 7, 2008, the City Council adopted Resolution No. 01-08 (the "Original Abatement Resolution"), which granted a property tax abatement (the "Original Abatement") pursuant to Minnesota Statutes, Sections 469.1812 through 469.1815 (the "Abatement Act"), on property located at 2101 Rolling Green Lane in the City and identified by the parcel identification number 18.242.0020 (the "Property"). The Original Abatement was granted for a period of fifteen (15) years to develop a child care facility in order to promote commercial, industrial and residential development in the City. The day care facility is no longer in operation.

1.02. Pursuant to Section 469.1813, subdivision 7 of the Abatement Act, the City may amend an abatement resolution every two years as long as the original abatement resolution does not state that it cannot be modified. Pursuant to Section 3(b) of the Original Abatement Resolution, the terms of the abatement granted may be modified or changed during the term of such abatement with the prior written consent of the City.

1.03. Theuninck Rolling Green Properties, LLC, a Minnesota limited liability company (the "Developer") is the owner of the Property. The Developer built a building on the Property following the grant of the Original Abatement (the "Minimum Improvements") to house the Bean's Plus day care facility. The initial Abatement payments were delivered to Bean's Plus. Once Bean's Plus went out of business, the Abatement payments were provided to the Developer. The building on the Property is now leased to an autism care facility.

1.04. The City has determined a need to amend and restate the terms of the Original Abatement in order to clarify the terms of the Abatement. The Original Abatement as amended and restated is referred to herein as the "Abatement."

1.05. The Abatement provided to the Developer by the City constitutes a business subsidy under Minnesota Statutes, Sections 116J.993 to 116J.995, as amended (the "Business Subsidy Act").

1.06. This City Council has reviewed information concerning the above-referenced Minimum Improvements and the revised and amended terms of the Original Abatement and finds it necessary and in the best interest of the City and its residents to amend and restate the Original Abatement Resolution and the terms of the Original Abatement granted on the Property.

1.07. This City Council has reviewed an Abatement Contract (the "Contract") containing a Business Subsidy Agreement (the "Subsidy Agreement") proposed to be entered into by the City and the Developer, which set forth the terms of the financial assistance to be provided to the Developer by the City, including the Abatement. The Contract and the Subsidy Agreement are incorporated herein by reference.

1.08. On the date hereof, the City Council conducted a duly noticed public hearing on the Abatement proposed to be amended and the business subsidy provided to the Developer. The views of all interested persons were heard and considered at the public hearing.

Section 2. Findings.

2.01. The recitals set forth above are incorporated into this Resolution.

2.02. It is hereby found and determined that the benefits to the City from the Abatement will continue to be at least equal to the costs to the City of the Abatement, because (a) the Abatement will continue to provide employment opportunities in the City; and (b) the long-term taxes collected from the Property after termination of the Abatement will exceed the amount of the Abatement returned to the Developer.

2.03. It is hereby found and determined that the Abatement continues to be in the public interest because such action will increase the City's tax base, provide additional employment opportunities in the City, and help provide access to services for residents of the City.

Section 3. Actions Ratified; Abatement Approved. Subject to the provisions of the Abatement Act, the Abatement, which amends and restates the Original Abatement as set forth herein, is hereby approved and adopted subject to the following terms and conditions:

(a) The term "Abatement" means the real property taxes generated in any tax-payable year by extending the City's total tax rate for that year against the tax capacity of the Minimum Improvements constructed on the Property, excluding the tax capacity of the land (as established each year during the Abatement) and excluding the portion of the tax capacity attributable to the areawide tax under Minnesota Statutes, Chapter 473F, all as of January 2 in the prior year.

(b) The Abatement will be paid by the City to the Developer on the dates and in accordance with all the terms and conditions of the Abatement Contract.

(c) In accordance with Section 469.1813, subdivision 8 of the Abatement Act, in no year shall the Abatement, together with all other abatements approved by the City under the Abatement Act and paid in that year, exceed the greater of 10% of the net tax capacity of the City for that year or \$200,000 (the "Abatement Cap"). The City may grant other abatements permitted under the Abatement Act after the date of this Resolution, provided that to the extent the total abatements in any year exceed the Abatement Cap, the allocation of Abatement Cap to such other abatements is subordinate to the Abatement granted pursuant to this Resolution.

(d) The Original Abatement had a maximum term of fifteen years and was to be collected in the years 2010 through 2024. The amended Abatement has a maximum term of fourteen years, with collection commencing in 2010 and ending in 2023.

(e) In no event shall the total payments of Abatement exceed \$216,280 (which equals \$180,000, plus the Abatement previously paid in the years 2010, 2011, and 2012) or continue to be paid for more than fourteen years.

- (f) In no event shall the annual payments of Abatement to the Developer exceed \$18,000.
- (g) The Abatement is subject to modification in accordance with the Abatement Act, subject to the terms of the Abatement Contract.
- (h) In accordance with Section 469.1815 of the Abatement Act, the City will add to its levy in each year during the term of the Abatement the total estimated amount of current year Abatement granted under this Resolution.
- (i) The City makes no warranties or representations regarding the amount or availability of the Abatement.
- (j) The Abatement shall be provided to the Developer pursuant to the terms and conditions of the Abatement Contract, as approved by the City Council.

Section 4. Contract and Subsidy Agreement Approved. The Contract and Subsidy Agreement are hereby in all respects authorized, approved and confirmed and the Mayor and City Administrator are hereby authorized and directed to execute and deliver the Contract and the Subsidy Agreement for and on behalf of the City in substantially the form now on file with the City but with such modifications as shall be deemed necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

Section 5. Effective Date. This Resolution is effective upon execution in full of the Abatement Contract.

Approved by the City Council of the City of North Mankato, Minnesota this 5th day of August, 2013.

Mark Dehen, Mayor

ATTEST:

Nancy Gehrke, City Clerk

CITY OF NORTH MANKATO



REQUEST FOR COUNCIL ACTION

Agenda Item #9F	Department: Finance Director	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Accepting the 2012 Comprehensive Annual Financial Report (CAFR)

BACKGROUND AND SUPPLEMENTAL INFORMATION: Mr. Meyers will make a presentation on the Comprehensive Annual Financial Report for the fiscal year ended 12-31-2012. The management letter and CAFR were previously distributed to you so please bring them to the meeting.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Accept Report and Place it on File

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
_____	_____	_____	Norland
_____	_____	_____	Spears
_____	_____	_____	Freyberg
_____	_____	_____	Steiner
_____	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify) <u>2012 CAFR</u>				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED
DECEMBER 31, 2012

A vertical decorative bar on the left side of the page, featuring a dark blue background with various numbers (1, 2, 3, 4, 5, 6, 7, 8, 9) in different colors (white, red, purple, green) and sizes, some overlapping.

**ABDO
EICK &
MEYERS_{LLP}**
Certified Public Accountants & Consultants

11 Civic Center Plaza
Suite 300
P.O. Box 3166
Mankato, MN 56002-3166

Management, Honorable Mayor and City Council
City of North Mankato, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of North Mankato (the City) for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 11, 2012. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

Also, our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the following page as item 2012-1 that we consider to be a significant deficiency.



2012-1 Preparation of financial statements

- Condition:* As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
- Criteria:* Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.
- Cause:* From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
- Effect:* The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
- Recommendation:* Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.

Management response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or Minnesota statutes.

Planned Scope and Timing of the Audit

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

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The requirements of GASB statements No. 63 and 65 were adopted for the year ended December 31, 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimates affecting the financial statements include the capital asset basis, the depreciation on capital assets as well as the liability for the City's Other Post Employment Benefits (OPEB).

Management's estimate of capital asset basis is based on estimated historical cost of the capital assets and depreciation is based on the estimated useful lives of capital assets. Management's estimate of its OPEB liability is based on several factors including, but not limited to, anticipated retirement age for active employees, life expectancy, turnover, and healthcare cost trend rate. We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

We assisted in preparing a number of year end accounting entries. These were necessary to adjust the City's records at year end to correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year end entries is completed internally.



Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 18, 2013.

Disagreements with Management

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

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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



Financial Position and Results of Operations

Our principal observations and recommendations are summarized below. These recommendations resulted from our observations made in connection with our audit of the City’s financial statements for the year ended December 31, 2012.

General Fund

All general governmental functions of the City which are not accounted for in separate funds are included in the General fund.

Minnesota municipalities must maintain substantial amounts of fund balance in order to meet their liquidity and working capital needs as an operating entity. That is because a substantial portion of your revenue sources (taxes and intergovernmental revenues) are received in the last two months of each six-month cycle.

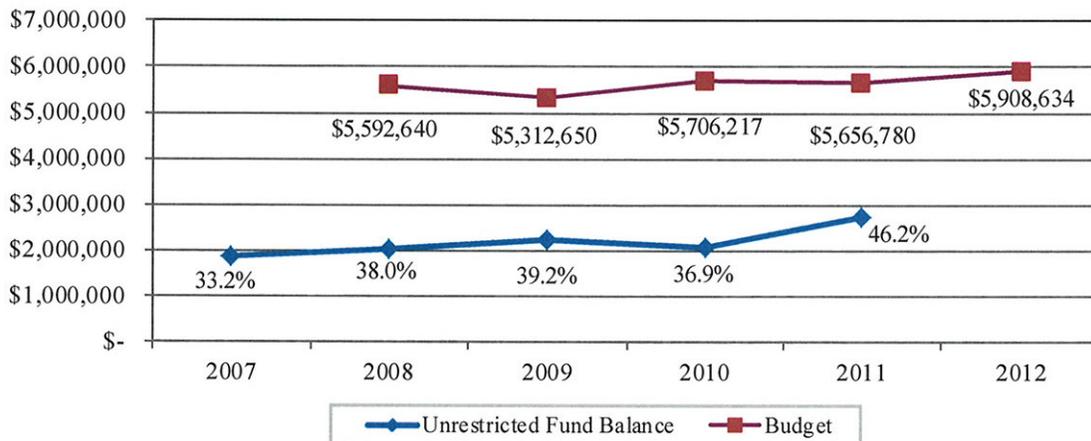
As you can see from the following information, it is necessary to maintain fund balance in order to keep pace with the increasing operating budget. *This information is also presented in graphic form below.*

Year	Unassigned Fund Balance December 31	Budget Year	General Fund Budget	Percent of Fund Balance to Budget
2008	\$ 1,855,865	2009	\$ 5,592,640	33.2 %
2009	2,018,628	2010	5,312,650	38.0
2010	2,238,480	2011	5,706,217	39.2
2011	2,085,321	2012	5,656,780	36.9
2012	2,731,388	2013	5,908,634	46.2

We have compiled a peer group average derived from information available from the Office of the State Auditor for Cities of the 3rd class which have populations of 10,000-20,000. In 2010 and 2011, the average General fund balance as a percentage of expenditures was 54 percent and 76, percent, respectively. Based on comparison to the peer groups, the City’s General fund balance is below that average.

The following is an analysis of the General fund’s unrestricted fund balance for the past five years compared to the following year’s budget:

Unrestricted Fund Balance/Budget Comparison





The General fund balance increased by \$656,452 in 2012. The total unrestricted fund balance of \$2,731,388 represents 46.2 percent of the 2013 budget. Many other organizations, including the Office of the State Auditor (the OSA) and League of Minnesota Cities (LMC) recommend that unassigned fund balance be anywhere from 35 to 50 percent of planned expenditures. We concur with those recommendations.

Although there is no legislation regulating fund balance, it is a good policy to assign intended use of fund balance. This helps address citizen concerns as to the use of fund balance and tax levels. The City should consider documenting assignments for intended use of fund balance at and above the fifty percent level. This documentation could be accomplished by an annual resolution to identify intended use of available fund balance. We recommend a minimum unassigned fund balance be approximately 40 percent to 50 percent of planned disbursements. So at the current level, the fund balance is considered about what is recommended.

The purposes and benefits of a fund balance are as follows:

- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the governmental fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid formulas. We also have seen the State mandate levy limits for cities over 2,500 in population. An adequate fund balance will provide a temporary buffer against those aid adjustments or levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate Council action. These would include capital outlay, replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining its bond rating. The result will be better interest rates in future bond sales.



The 2012 General fund operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 5,449,150	\$ 5,832,180	\$ 383,030
Expenditures	<u>5,656,780</u>	<u>5,519,517</u>	<u>137,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,630)</u>	<u>312,663</u>	<u>520,293</u>
Other financing sources (uses)			
Transfers in	207,630	461,177	253,547
Transfers out	<u>-</u>	<u>(117,388)</u>	<u>(117,388)</u>
Total other financing sources (uses)	<u>207,630</u>	<u>343,789</u>	<u>136,159</u>
Net change in fund balances	<u>\$ -</u>	<u>656,452</u>	<u>\$ 656,452</u>
Fund balances, January 1		<u>2,161,885</u>	
Fund balances, December 31		<u>\$ 2,818,337</u>	

Some of the larger variance items are as follows:

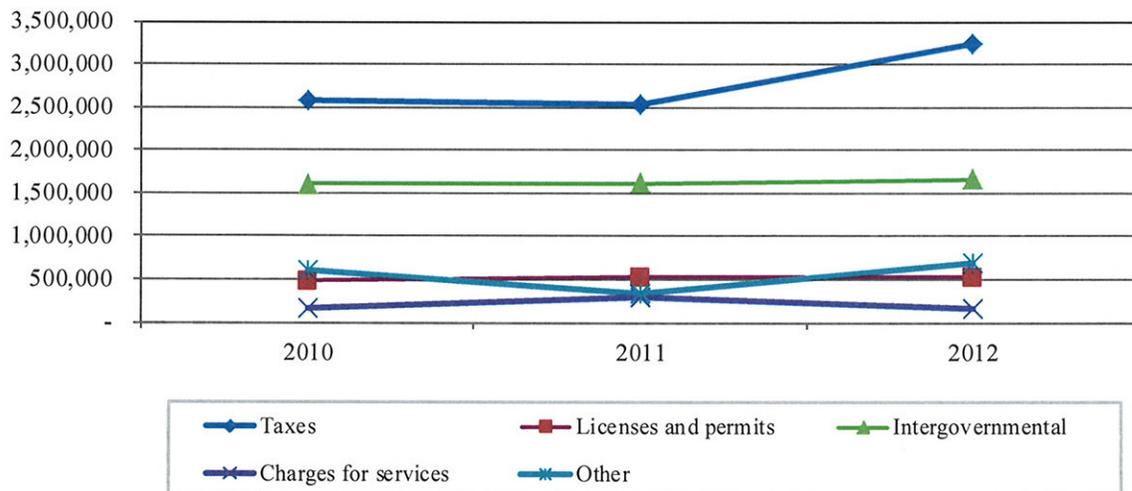
- Licenses and permits revenue was over budget by \$194,152
- State street maintenance aid was over budget by \$114,888
- Public works expenditures were under budget by \$59,069
- Culture and recreation expenditures were under budget by \$50,528
- Capital outlay was over budget by \$30,303



A comparison of General fund revenues and transfers for the last three years is presented below:

Source	2010	2011	2012	Percent of Total	Per Capita
Taxes	\$ 2,580,734	\$ 2,539,135	\$ 3,244,213	51.6 %	\$ 242
Special assessments	7,138	5,101	49,776	0.8	4
Licenses and permits	477,704	521,628	526,752	8.4	39
Intergovernmental	1,610,705	1,622,556	1,670,304	26.5	124
Charges for services	166,735	296,966	164,327	2.6	12
Fines and forfeits	37,566	29,492	27,172	0.4	2
Investment earnings	12,526	7,170	1,367	-	-
Miscellaneous	196,338	95,581	148,269	2.4	11
Transfers in	351,353	212,630	461,177	7.3	34
Total revenues and transfers	\$ 5,440,799	\$ 5,330,259	\$ 6,293,357	100.0 %	\$ 468

General Fund Revenues by Source

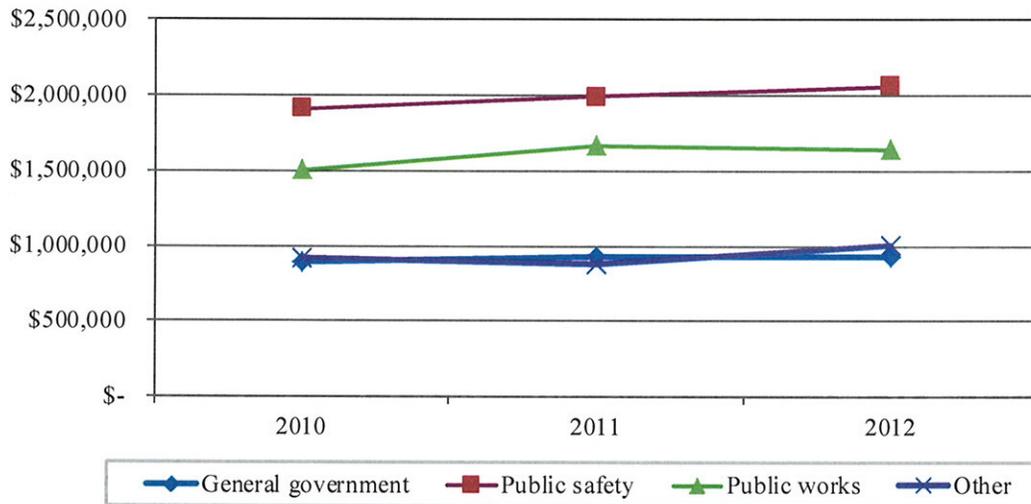




A comparison of General fund expenditures and transfers for the last three years is presented below:

Program	2010	2011	2012	Percent of Total	Per Capita	Peer Group Per Capita
Current						
General government	\$ 896,372	\$ 937,067	\$ 927,260	16.4 %	\$ 69	\$ 97
Public safety	1,910,513	1,993,515	2,060,175	36.5	153	221
Public works	1,505,529	1,669,898	1,643,266	29.2	122	91
Culture and recreation	809,027	804,517	771,837	13.7	57	53
Miscellaneous	87,005	76,349	76,676	1.4	6	16
Total current	5,208,446	5,481,346	5,479,214	97.2	407	478
Capital outlay	24,008	5,300	40,303	0.7	3	13
Transfers out	-	-	117,388	2.1	9	-
Total expenditures and transfers	\$ 5,232,454	\$ 5,486,646	\$ 5,636,905	100.0 %	\$ 419	\$ 491

General Fund Expenditures by Program





Special Revenue Funds

Special revenue funds have revenue from specific sources to be used for specific purpose. Listed below are the special revenue funds of the City along with the fund balances for 2012 and 2011 and the net change:

Fund	Fund Balances		Increase (Decrease)
	December 31,		
	2012	2011	
Library	\$ 39,421	\$ 50,583	\$ (11,162)
Bookmobile	39,840	42,463	(2,623)
Library Endowment	51,049	50,997	52
Community Development Block Grant	-	(13,101)	13,101
Community Development	217,440	248,503	(31,063)
Local Option Sales Tax	850,729	940,925	(90,196)
Park Development	14,180	14,180	-
Parkland	82,357	65,279	17,078
Flood Control	38,359	37,159	1,200
Contingency	28,069	40,445	(12,376)
Total	<u>\$ 1,361,444</u>	<u>\$ 1,477,433</u>	<u>\$ (115,989)</u>

Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt).

Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows:

- Residual project proceeds from the related capital projects fund
- Investment earnings
- State or Federal grants
- Transfers from other funds



The following is a summary of Debt Service fund assets and outstanding debt as of December 31, 2012:

Debt Description	Total Cash and Temporary Investments	Total Assets	Outstanding Debt	Maturity Date	
General Obligation Bonds					
G.O. Equipment Certificates - 2006D	\$ 68,457	\$ 68,457	\$ 615,000	02/01/15	(1)
G.O. Equipment Certificates - 2009A	-	-	127,000	12/01/14	(1)
Bond Reserve	-	1,150,675	-	N/A	
G.O. Capital Improvements - 2008C	102	300,644	1,425,000	02/01/19	
G.O. Capital Improvements - 2012A	-	-	430,000	02/01/20	
Total G.O. Bonds	68,559	1,519,776	2,597,000		
G.O. Special Assessment Bonds					
2001B G.O. Improvement Bonds	10,131	19,615	-	Matured	
2004 G.O. Improvement Bonds	438,984	727,627	-	Matured	
2005A G.O. Improvement Bonds	-	-	540,000	02/01/20	(2)
2005D G.O. Improvement Bonds	491,628	1,704,408	615,000	02/01/13	(2)
2005C G.O. Refunding Bonds	17	48,457	-	Matured	(3)
2006A G.O. Improvement Bonds	-	-	1,465,000	02/01/14	(4)
2006C G.O. Improvement Bonds	-	-	900,000	02/01/18	(4)
2007A G.O. Improvement Bonds	89,150	1,360,720	990,000	02/01/18	
2008A G.O. Improvement Bonds	-	100,761	1,245,000	02/01/19	
2009D G.O. Improvement Bonds	31,312	2,954,415	2,805,000	04/01/25	
2010A G.O. Improvement Bonds	45,000	45,000	2,305,000	12/01/27	
2010C G.O. Refunding Bonds	1,508,596	3,867,367	3,155,000	02/01/22	
2012A G.O. Crossover Refunding Bonds	-	-	465,000	02/01/16	
Total G.O. Special Assessment Bonds	2,614,818	10,828,370	14,485,000		
G.O. Revenue Bonds					
1998B G.O. Revenue (PFA) Bonds	-	-	191,000	08/20/19	(3)
2009C G.O. Sales Tax Revenue Bonds	-	-	2,160,000	12/01/24	
2010B G.O. Sales Tax Revenue Bonds	-	-	700,000	12/01/25	
Total G.O. Revenue Bonds	-	-	3,051,000		
Note Payable					
2011 Note to Port Authority	-	-	3,215,000	02/01/34	
Total All Debt Service Funds	\$ 2,683,377	\$ 12,348,146	\$ 23,348,000		
Future Interest on Debt			\$ 4,878,242		

(1) (2) (3) (4) These four issues are reported in a single Debt Service fund

The City's outstanding debt is required to be funded by various resources such as special assessments, tax increments, property taxes, transfers from enterprise funds, etc. Special assessments and tax increments are usually certified once to the County for collection, but tax levies need to be certified annually. We recommend management pay particular attention to annual tax levies and transfers listed in each bond issue book to ensure proper funding of debt service.

The City refunded a number of its bond issues to spread payments over a longer period of time. We recommend the City continue to monitor these deficits and future funding of debt service payments.



Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. The table below compares 2012 fund balances with 2011:

Fund	Fund Balances December 31,		Increase (Decrease)
	2012	2011	
Major			
2011 Construction	\$ 1,013,755	\$ 4,518,957	\$ (3,505,202)
Nonmajor			
Equipment Certificates	(61,162)	(331)	(60,831)
Local Option Sales Tax	(564,153)	-	(564,153)
Capital Facilities and Equipment Replacement - General	-	4,946	(4,946)
2012 Construction	(83,233)	(7,349)	(75,884)
2013 Construction	(8,121)	-	(8,121)
Total	\$ 297,086	\$ 4,516,223	\$ (4,219,137)

The City should analyze project's status each year and close those that are completed.



Enterprise Funds

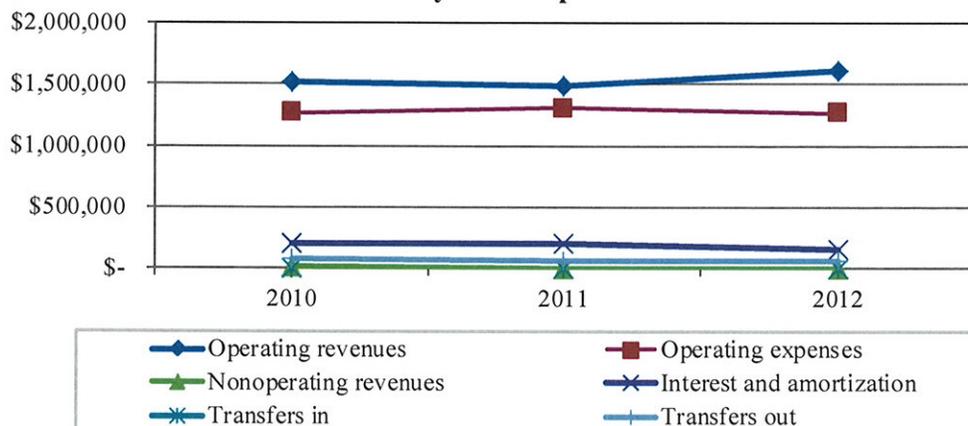
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Water Utility Fund

A comparison of Water Utility fund operations for the past three years is as follows:

	2010		2011		2012	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 1,515,957	100.0 %	\$ 1,492,282	100.0 %	\$ 1,614,738	100.0 %
Operating expenses	(1,268,241)	(83.7)	(1,311,817)	(87.9)	(1,271,171)	(78.8)
Operating income	247,716	16.3	180,465	12.1	343,567	21.2
Nonoperating revenues	13,440	0.9	7,562	0.5	7,384	0.5
Interest and amortization	(205,307)	(13.5)	(210,827)	(14.1)	(162,281)	(10.0)
Income (loss) before transfers	55,849	3.7	(22,800)	(1.5)	188,670	11.7
Transfers in	-	-	-	-	2,464	0.2
Transfers out	(75,088)	(5.0)	(65,540)	(4.4)	(65,540)	(4.1)
Change in net position	\$ (19,239)	(1.3) %	\$ (88,340)	(5.9) %	\$ 125,594	7.8 %
Cash and temporary investments	\$ 132,862		\$ 908,542		\$ 1,049,285	
Due from other funds	\$ 1,905,000		\$ 1,083,000		\$ 1,083,000	
Restricted assets - cash with fiscal agent	\$ -		\$ 875,527		\$ -	
Bonds payable	\$ 5,982,333		\$ 5,671,916		\$ 4,471,083	

Water Utility Fund Operations



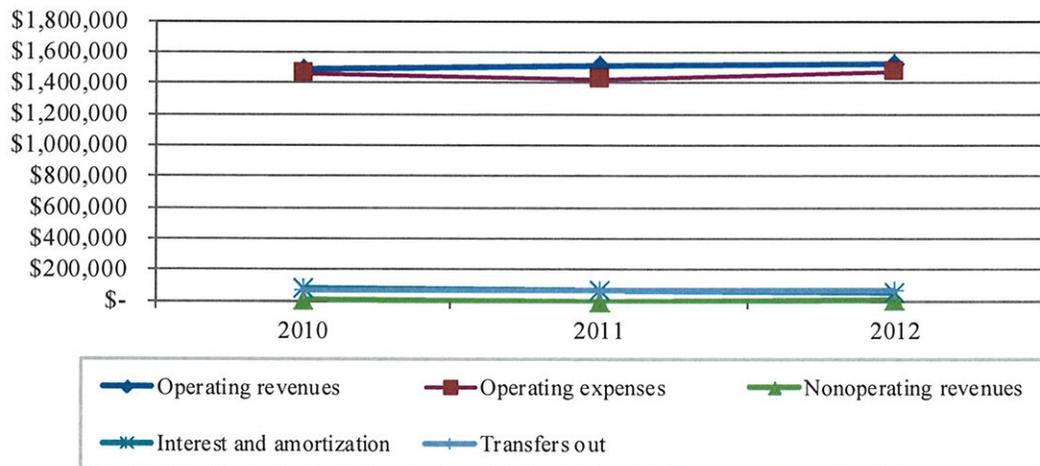


Sewer Utility Fund

A comparison of Sewer Utility fund operations for the past three years is as follows:

	2010		2011		2012	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 1,490,287	100.0 %	\$ 1,510,772	100.0 %	\$ 1,525,340	100.0 %
Operating expenses	(1,463,176)	(98.3)	(1,426,806)	(94.4)	(1,473,521)	(96.6)
Operating income	27,111	1.7	83,966	5.6	51,819	3.4
Nonoperating revenues	10,157	0.7	634	-	2,724	0.2
Interest and amortization	(81,214)	(5.4)	(72,102)	(4.8)	(58,860)	(3.9)
Income (loss) before transfers	(43,946)	(3.0)	12,498	0.8	(4,317)	(0.3)
Transfers out	(70,760)	(4.7)	(72,880)	(4.8)	(72,880)	(4.8)
Change in net position	<u>\$ (114,706)</u>	<u>(7.7) %</u>	<u>\$ (60,382)</u>	<u>(4.0) %</u>	<u>\$ (77,197)</u>	<u>(5.1) %</u>
Cash and temporary investments	<u>\$ 105,094</u>		<u>\$ 504,245</u>		<u>\$ 396,780</u>	
Due from other funds	<u>\$ 750,000</u>		<u>\$ 353,000</u>		<u>\$ 353,000</u>	
Bonds payable	<u>\$ 1,979,757</u>		<u>\$ 1,711,940</u>		<u>\$ 1,431,018</u>	

Sewer Utility Fund Operations



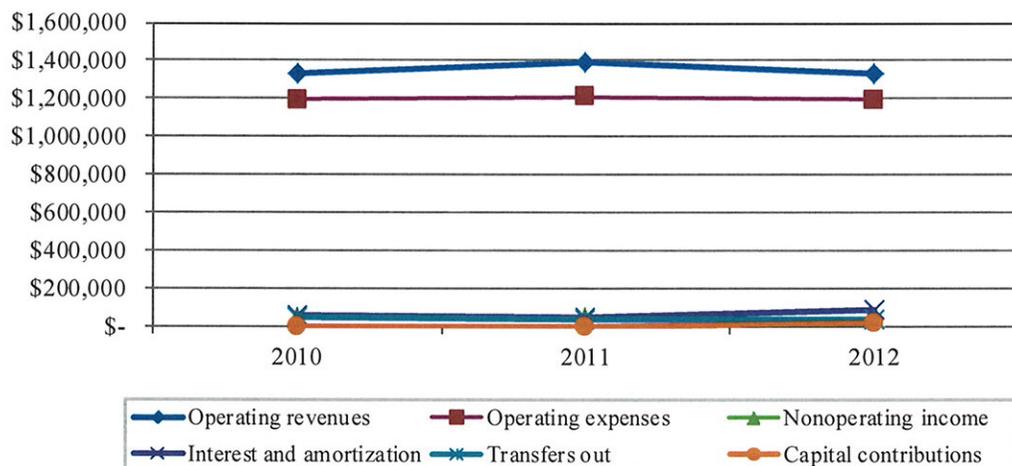


Sanitary Collection Fund

A comparison of Sanitary Collection fund operations for the past three years is as follows:

	2010		2011		2012	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 1,335,497	100.0 %	\$ 1,394,977	100.0 %	\$ 1,333,111	100.0 %
Operating expenses	(1,195,603)	(89.5)	(1,210,158)	(86.8)	(1,196,115)	(89.8)
Operating income	139,894	10.5	184,819	13.2	136,996	10.2
Nonoperating income	50,000	3.7	50,000	3.6	50,000	3.8
Interest and amortization	(57,040)	(4.3)	(53,327)	(3.8)	(96,184)	(7.2)
Income before contributions and transfers	132,854	9.9	181,492	13.0	90,812	6.8
Capital contributions, net	-	-	-	-	(17,060)	(1.3)
Transfers out	(55,105)	(4.1)	(46,460)	(3.3)	(46,460)	(3.5)
Change in net position	\$ 77,749	5.8 %	\$ 135,032	9.7 %	\$ 27,292	2.0 %
Cash and temporary investments	\$ 1,392		\$ 71,389		\$ 184,161	
Restricted assets - cash with fiscal agent	\$ -		\$ -		\$ 900,666	
Bonds payable	\$ 1,180,000		\$ 1,120,000		\$ 1,995,000	

Sanitary Collection Fund Operations



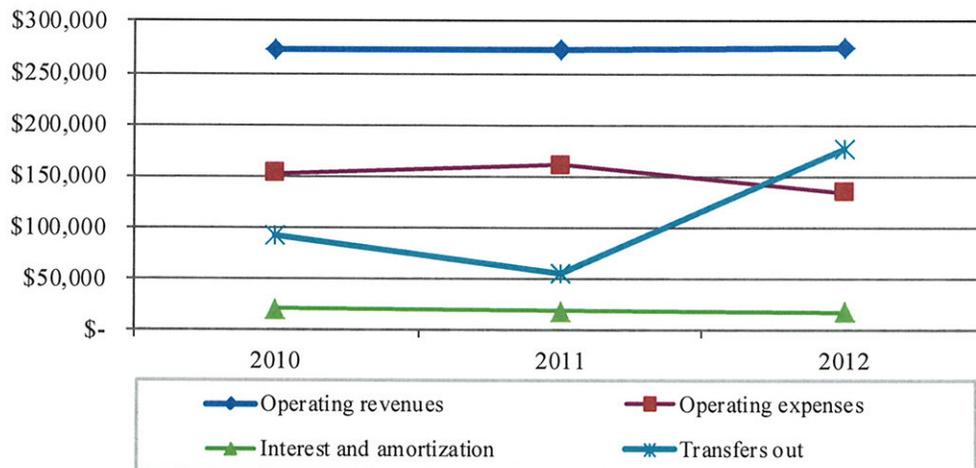


Storm Water Fund

A comparison of Storm Water fund operations for the past three years is as follows:

	2010		2011		2012	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 272,530	100.0 %	\$ 272,689	100.0 %	\$ 274,823	100.0 %
Operating expenses	(152,926)	(56.1)	(161,426)	(59.2)	(134,609)	(49.0)
Operating income	119,604	43.9	111,263	40.8	140,214	51.0
Interest and amortization	(20,944)	(7.7)	(19,618)	(7.2)	(18,611)	(6.8)
Income before transfers	98,660	36.2	91,645	33.6	121,603	44.2
Transfers out	(92,824)	(34.1)	(56,750)	(20.8)	(176,750)	(64.3)
Change in net position	<u>\$ 5,836</u>	<u>2.1 %</u>	<u>\$ 34,895</u>	<u>12.8 %</u>	<u>\$ (55,147)</u>	<u>(20.1) %</u>
Cash and temporary investments	<u>\$ 100,507</u>		<u>\$ 141,974</u>		<u>\$ 25,148</u>	
Bonds payable	<u>\$ 558,167</u>		<u>\$ 527,334</u>		<u>\$ 493,167</u>	

Storm Water Fund Operations



We recommend the City continue to review rates annually and determine if increases are required to:

- Fund continuing operating expenses.
- Maintain contingency requirements for unexpected repairs.
- Provide for capital replacement requirements.



Ratio Analysis

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average is derived from information available from the Office of the State Auditor for cities of the 3rd class (10,000 to 20,000). The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities regardless of size) ratios are shown below.

Ratio	Calculation	Source	Year			
			2009	2010	2011	2012
Debt to assets	Total liabilities/total assets	Government-wide	42%	44%	45%	44%
			<i>30%</i>	<i>36%</i>	<i>32%</i>	<i>N/A</i>
Debt service coverage	Net cash provided by operations/ enterprise fund debt payments	Enterprise funds	1.4	1.0	1.2	0.7
			<i>1.5</i>	<i>0.8</i>	<i>0.9</i>	<i>N/A</i>
Debt per capita	Bonded debt/population	Government-wide	\$ 2,113	\$ 2,107	\$ 2,052	\$ 2,047
			<i>\$ 2,076</i>	<i>\$ 2,503</i>	<i>\$ 2,253</i>	<i>N/A</i>
Taxes per capita	Tax revenues/population	Government-wide	\$ 408	\$ 429	\$ 405	\$ 458
			<i>\$ 396</i>	<i>\$ 468</i>	<i>\$ 442</i>	<i>N/A</i>
Current expenditures per capita	Governmental fund current expenditures / population	Governmental funds	\$ 465	\$ 482	\$ 529	\$ 501
			<i>\$ 600</i>	<i>\$ 632</i>	<i>\$ 636</i>	<i>N/A</i>
Capital expenditures per capita	Governmental fund capital expenditures / population	Governmental funds	\$ 272	\$ 286	\$ 287	\$ 390
			<i>\$ 355</i>	<i>\$ 284</i>	<i>\$ 257</i>	<i>N/A</i>
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	64%	65%	69%	69%
			<i>65%</i>	<i>67%</i>	<i>63%</i>	<i>N/A</i>
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	91%	88%	85%	82%
			<i>66%</i>	<i>68%</i>	<i>68%</i>	<i>N/A</i>

Represents City of North Mankato

Represents Peer Group Ratio



Debt-to-Assets Leverage Ratio (Solvency Ratio)

The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50 percent would indicate half of the assets are financing with outstanding debt).

Debt Service Coverage Ratio (Solvency Ratio)

The debt coverage ratio is a comparison of cash generated by operations to total debt service payments (principal and interest) of enterprise funds. This ratio indicates if there are sufficient cash flows from operations to meet debt service obligations. Except in cases where other nonoperating revenues (i.e. taxes, assessments, transfers from other funds, etc.) are used to fund debt service payments, an acceptable ratio would be above 1.

Bonded Debt per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total bonded debt by the population of the city and represents the amount of bonded debt obligation for each citizen of the city at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.

Taxes per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total tax revenues by the population of the city and represents the amount of taxes for each citizen of the city for the year. The higher this amount is, the more reliant the city is on taxes to fund its operations.

Current Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total current governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Since this is generally based on ongoing expenditures, we would expect consistent annual per capita results.

Capital Expenditures per Capita (Funding Ratio)

This dollar amount is arrived at by dividing the total governmental capital outlay expenditures by the population of the City and represents the amount of capital expenditure for each citizen of the City during the year. Since projects are not always recurring, the per capita amount will fluctuate from year to year.

Capital Assets Percentage (Common-size Ratio)

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the city's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.



Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements.

GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*

Summary

The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14 and the related financial reporting requirements of Statement No. 34, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

This Statement clarifies the reporting of equity interests in legally separate organizations as well. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

GASB Statement No. 66 - *Technical Corrections- an Amendment of GASB Statements No. 10 and No. 62*

Summary

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.



Future Accounting Standard Changes - Continued

GASB Statement No. 67 - *The Financial Reporting for Pension Plans- an Amendment to GASB Statement No. 25*

Summary

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The new information will enhance the decision-usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The net pension liability information, including ratios, will offer an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan. The comparability of the reported information for similar types of pension plans will be improved by the changes related to the attribution method used to determine the total pension liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison to actuarially determined rates, when such rates are determined. In that circumstance, it also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with actuarially determined contribution measures. In addition, new information about rates of return on pension plan investments will inform financial report users about the effects of market conditions on the pension plan's assets over time and provide information for users to assess the relative success of the pension plan's investment strategy and the relative contribution that investment earnings provide to the pension plan's ability to pay benefits to plan members when they come due.



Future Accounting Standard Changes - Continued

GASB Statement No. 68 - *The Accounting and Financial Reporting of Pensions- an Amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

* * * * *

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

The comments and recommendation in this report are purely constructive in nature, and should be read in this context. Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service, and for the courtesy and cooperation extended to us by your staff.

June 18, 2013
Mankato, Minnesota

Abdo, Eick & Meyers, LLP
ABDO, EICK & MEYERS, LLP
Certified Public Accountants

CITY OF NORTH MANKATO

REQUEST FOR COUNCIL ACTION



Agenda Item #9G	Department: Finance Director	Council Meeting Date: 07/01/13
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TITLE OF ISSUE: Consider Directing Staff to Install Playground Structure at Benson Park

BACKGROUND AND SUPPLEMENTAL INFORMATION: See attached letter from Mayor Dehen.

If additional space is required, attach a separate sheet

REQUESTED COUNCIL ACTION: Direct Staff on Placement of Playground Structure

For Clerk's Use:

Motion By: _____
 Second By: _____

Vote Record:

	Aye	Nay	
	_____	_____	Norland
	_____	_____	Spears
	_____	_____	Freyberg
	_____	_____	Steiner
	_____	_____	Dehen

SUPPORTING DOCUMENTS ATTACHED

Resolution	Ordinance	Contract	Minutes	Map
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other (specify) <u>Letter from Mayor Dehen</u>				

<input type="checkbox"/> Workshop
<input checked="" type="checkbox"/> Regular Meeting
<input type="checkbox"/> Special Meeting

<input type="checkbox"/> Refer to: _____
<input type="checkbox"/> Table until: _____
<input type="checkbox"/> Other: _____

Council,

I am recommending we consider installing the 2 pieces of playground equipment previously purchased w/ sales tax dollars on the north central side of Benson Park, adjacent to the existing diagonal parking. This would be near where the recommended wood playground structure will eventually go and is, therefore, relatively consistent w/ the overall park plan previously adopted by the Council. It also is outside the easement/construction zone in the full plan. I did have the City Construction Inspector stake out the required safe zones for the 2 pieces of equipment in the recommended area for your perusal. Swings will be on the east & the play structure on the west.

Last June the Council voted to look for an alternative location for the purchased equipment after some neighborhood outcry. However, after further investigation, we can not put it outside the fence at the soccer complex. The City doesn't have enough usable space, approximately 3600 square feet to accommodate the 2 structures. The school district cannot install anything on their site until after the school is built. There is no other regional park to install it on, as it must be since it was bought with sales tax dollars.

This recommendation is in keeping w/ the adopted park plan & away from the seniors in Rolling Green, near the growing number of kids residing on the north & west sides of Benson Park, near the day care & accessible to the autism school and the children of Avalon. It recognizes that we have this growing number of kids in the area of Benson w/ no play equipment anywhere close. The equipment is tan & green, so more earth-toned & less garish than the usual yellow, red & blue equipment in the other City parks. It is paid for and in storage. Cost of installation is \$3000. This is a compromise for the parents that keep emailing me about park equipment ever since the initial installation ceased, but respects the park plan & Rolling Green neighbors.

I did have an informational meeting w/ the Rolling Green and original Park committee folks. They would prefer we wait until we can secure the \$100,000 for the all-wood structure, but understand my position that I don't think a generation of kids should have to wait for a playground. However, please be aware that while in our existing grant application we have pledged about \$500,000 as a sales tax match to requested Legacy funds that would cover some infrastructure, e.g. utilities, parking lot, etc., as well as plantings, etc., it still doesn't cover the play structure or shelter, as these other things need to be completed first.

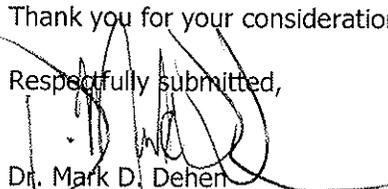
The folks at the meeting tonight did recommend that when/if we ever secure the additional \$100,000 for the wood play set, the plastic/metal equipment should be removed. Proactively, they voiced interest in creating a "Friends of Benson Park" group to work on raising funds/awareness for the park plan, perhaps with the assistance of the original park design firm. They also requested a sign depicting the full park plan conceptual drawing be posted in the park to help that effort. They also thanked Diane, Kim & myself for the courtesy/transparency of this informational meeting. Further, I did invite them to our next Council meeting to make comment, if they would like.

With all of this in mind, I recommend that at the regular Council meeting on Monday, July 1, 2013, the Council consider:

Approving \$3000 for the immediate installation of the previously purchased playground equipment in the denoted north central area of Benson Park. The ongoing viability of this equipment should be reviewed/reconsidered once the recommended wood play structure is erected in the regional park, per the overall park plan.

Thank you for your consideration!

Respectfully submitted,


Dr. Mark D. Dehen
Mayor, City of North Mankato



Legend

- City Limits
- Parcels (12-15-2012)
- Lakes & Ponds
- Minnesota River



Disclaimer: This drawing is neither a legally recorded map nor a survey and is not intended to be used as one. This drawing is a compilation of records, information, and data located in various city, county, and state offices, and other sources affecting the area shown, and is to be used for reference purposes only. The City of North Mankato is not responsible for any inaccuracies herein contained.



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