

WILLMAR CITY COUNCIL PROCEEDINGS
COUNCIL CHAMBERS
WILLMAR MUNICIPAL UTILITIES BUILDING
WILLMAR, MINNESOTA

November 6, 2017
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Marv Calvin. Members present on a roll call were Mayor Marv Calvin, Council Members Audrey Nelsen, Ron Christianson, Kathy Schwantes, Fernando Alvarado, Julie Asmus, Shawn Mueske, Andrew Plowman and Rick Fagerlie. Present 9, Absent 0.

Also present were City Administrator Ike Holland, Planning and Development Services Director Bruce Peterson, Police Chief Jim Felt, Community Education and Recreation Director Steve Brisendine, Public Works Director Sean Christensen, Human Resource Director Bridget Buckingham, City Clerk Judy Thompson and City Attorney Robert Scott.

Proposed additions or deletions to the agenda included: City Administrator Ike Holland added a proposal for a second K-9 Unit within the Willmar Police Department. This item was on the Work Session agenda held prior to this meeting, but due to time constraints it was not addressed. It was noted this item is time sensitive and action was required at this time.

Council Member Fagerlie moved to approve the amended agenda as presented. Council Member Nelsen seconded the motion which carried.

City Clerk Judy Thompson reviewed the consent agenda.

- A. City Council Minutes of October 16, 2017
- B. Willmar Municipal Utilities Minutes of October 23, 2017
- C. Rice Memorial Hospital Board Minutes of October 25, 2017
- D. Council Labor Relations Committee Minutes of October 26, 2017
- E. Rice Memorial Hospital Board Minutes of October 30, 2017
- F. Appointment of Earline Schulstad to the Police Commission
- G. Planning Commission Minutes of October 18, 2017
- H. **Resolution** Deferring Special Assessments for Senior Citizens, Disabled, or Active Military
- I. **Resolution** Approving Change Order No. 1 for East Airport Taxilane Rehabilitation Project
- J. **Resolution** Approving Purchase of a Parallelogram Lift for the Public Works Garage
- K. Application for Exempt Permit - Pheasants Forever Kandiyohi County #2
- L. Willmar Lakes Area CVB Board Minutes of September 19, 2017
- M. Human Rights Commission Minutes of September 19, 2017
- N. Airport Commission Minutes of October 25, 2017
- O. Willmar CER Joint Powers Board Minutes of October 27, 2017
- P. Accounts Payable Report through October 31, 2017

Council Member Fagerlie offered a motion to approve the Consent Agenda. Council Member Mueske asked that Items H, I and J be removed for discussion. Council Member Nelsen seconded the motion to approve the consent agenda, with the removal of Items H, I and J, which carried on a roll call vote of Ayes 8, Noes 0.

City Clerk Judy Thompson stated pursuant to Willmar Municipal Code, Chapter 5, Article V, Special Assessments, and the City Comprehensive Assessment Policy which offers the option to defer special assessments to senior citizens, disabled, or active military deferrals meeting certain income guidelines, this year's project, the 2017 Street and Other Improvements, received one qualifying application in which \$4,600.00 would be deferred. Following discussion, Council Member Mueske introduced **Resolution No. 17-124 Deferring Special Assessments**. Council Member Christianson seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Planning and Development Services Director Bruce Peterson presented a request to approve a change order received for the Airport East Taxilanes Rehabilitation Project in the amount of \$7,782.00. Mr. Peterson also noted the \$7,782.00 will be covered by grants from MnDOT and the FAA with a split of 90% Federal, 5% State, and 5% local funds. Mr. Peterson noted in order to deal with some surface drainage along the southeast quadrant of the project, an inlet and six (6) feet PVC pipe drain was added in the northwest intersection of Taxilanes C and F shoulder and grading the area to drain into the inlet. Following discussion, Council Member Mueske introduced **Resolution No. 17-125 Authorizing Change Order #1 For Airport East Taxilane Reclamation Project in the Amount of \$7,782.00**. Council Member Christianson seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Public Works Director Sean Christensen presented a request for the purchase of a parallelogram lift for the Public Works Maintenance Facility in the amount of \$119,551.78. It was noted the 2017 Capital Outlay Program includes \$130,000 for the purchase of a lift. Following discussion, Council Member Mueske introduced **Resolution No. 17-126 Approving the Purchase of a Parallelogram Lift for the Public Works Garage in the Amount of \$119,551.78**. Council Member Plowman seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

At 7:22 p.m. Mayor Calvin opened the public hearing to consider Amending City Charter Section 7.05 – the Recall Section. City Attorney Robert Scott stated this amendment is recommended by the Charter Commission and would amend the Charter if passed. Attorney Scott noted this is the one process by which there is the potential to amend the Charter without there being an election of the voters of the City. If the Commission recommends an ordinance to the City Council, and the Council votes unanimously to pass the Charter Amendment Ordinance, the Ordinance will take effect subject to a 90-day waiting period through which the public could petition for a reverse referendum on the Ordinance. If no petition, the Ordinance would take effect 90 days after the Council votes. After this public hearing, the Council must hold a vote on the Ordinance within one month, or could vote tonight, but the option to wait one month is available under Statute.

Charter Commission Chair Kevin Halliday stated there is two significant changes being recommended: 1) the time period where the City Attorney would react to a recall committee's 250-word statement regarding who they are going to attempt to recall, which elected official, and why. Current Ordinance has that activity of the City Attorney after the recall committee spends up to its 90 days to solicit all the signatures required at that time. The Commission believes that once a recall measure is put forward to the City Clerk and the recall members and circulators are certified by the City Clerk as legitimate, the presentation of the certificate goes directly to the City Attorney. The City Attorney would have the same time frame which is in law now, which is 14 days to make a decision on the legality of the statements in the petition. The Commission believes this would speed up the process by simply stopping any petition that doesn't meet the proper threshold and move the matter to a faster conclusion if need be. 2) the possibility that circulators of the petition could start before everything was certified by the City Clerk that they were qualified voters in the City. In order to combat that, there is language in the proposed amendment that the City Clerk's signature and date will be on the front and back of the original petition. All copies of the petition would come forth at the end of the required 90-day period and the City Clerk can verify that that's a proper petition that was submitted to the citizens that wanted to sign it after everything had been properly certified and the City Attorney had ruled. So with those two items, and the help of the City Attorney, the Commission ended up having a three page amending ordinance. The Commission's recommendation is, subsequent to taking testimony at the hearing, the Council approve the amendment unanimously both for the benefit of our citizens and for the benefit of the elected officials who may be involved.

There being no one to speak for or against the proposed amendment, Mayor Calvin closed the public hearing at 7:27 p.m. and opened it up for discussion by the Council.

Council Member Fagerlie offered a motion to approve the proposed Amendment. Council Member Christianson seconded the motion, which failed on a roll call vote of Ayes 3, Noes 5. Council Members Nelsen, Schwantes, Alvarado, Asmus, and Mueske voted "no."

At 7:45 p.m. Mayor Calvin opened the public hearing to consider an Ordinance Amending Chapter 17, Surface Water Management and Repealing Ordinance No. 1227, Stormwater Management. City Attorney Robert Scott noted the proposed Amendment will repeal the City's existing Stormwater Management Ordinance No. 1227 to be replaced with a new Stormwater Management Ordinance contained in Chapter 17 of the City's Code. The original Stormwater Management Ordinance No. 1227 was put into place in accordance with the MS4 (Municipal Separate Storm Sewer System) designation in 2005. This permit gives publicly-owned stormwater infrastructure approval to discharge stormwater to lakes, streams, rivers and wetlands in Minnesota. As the MS4 permit is renewed, more stringent rules are put in place by the Minnesota Pollution Control Agency (MPCA) with added requirements and definitions, as well as updates to the MPCA's General Construction Activities Stormwater permit, portions of which are incorporated into the MS4 permit. By repealing the City's existing Stormwater Management Ordinance (Ordinance No. 1227) and replacing it with updated regulations to be included within Chapter 17 of the City Code, the City will regain compliance with its MS4 permit and satisfies its obligations under a stipulation it entered into with MPCA earlier this year. The ordinance change need to be made prior to November 15th in order to meet the terms of the stipulation. MPCA reviewed the ordinance as introduced at the October 16, 2017 meeting, and identified two minor amendments necessary to Section 17-9 and Section 17-16. City Attorney Robert Scott recommended two actions by the Council: 1) approval of the Amended Ordinance with the changes recommended by MPCA, and 2) approval of publication of the Ordinance by summary.

There being no one to speak for or against the proposed amendment, Mayor Calvin closed the hearing at 7:49 p.m. and opened it up for discussion by the Council.

Council Member Christianson offered a motion to approve the two proposed amendments to the Ordinance amendment. Council Member Mueske seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Council Member Christianson offered a motion to adopt, assign a number and order final publication of **Ordinance No. 1406 An Ordinance Amending Chapter 17, Surface Water Management and Repealing Ordinance No. 1227, Stormwater Management Ordinance**. Council Member Nelsen seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Council Member Nelsen offered a motion to approve publication of **Ordinance 1406** by summary due to the length and cost of publishing entire Ordinance. Council Member Alvarado seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Marilee Dorn, a retired City employee, spoke to the Council during the Open Forum to address the Employee Health Care Plans being proposed on the agenda later this evening. Ms. Dorn spoke in opposition of the proposed plans.

Michele McCleary, 533 Washburn Avenue, Belgrade, a nurse at Rice Hospital, addressed the Council and spoke in regard to some ongoing concerns with the proposed Carris Health transaction. On behalf of the nurses, Ms. McCleary stated they are grateful for another upcoming public hearing to address these issues.

Blake Graves, 501 Litchfield Avenue, addressed the Council in regard to the TIF District proposal on the agenda later this evening. As the developer of the proposed project, he noted he will be available to address any concerns regarding this project at the time of discussion.

James Thoms, 1001 14th Ave SE, a nurse at Rice Hospital, addressed the Council and spoke in regard to some ongoing concerns with the proposed Carris Health transaction.

Executive Director of Kandiyohi County HRA Jill Bengtson presented a request for Council's approval to submit an application for the City for a grant from Cities of Small Cities Development Program funding in the amount of \$1,214,145.00. Ms. Bengtson stated the funds would be used as follows: \$253,837 to rehab 13 commercial buildings in the downtown area; \$286,000 to rehab 13 homes in a targeted area on the North side of Willmar; \$600,000 to rehab 56-unit Hanson Apartments at 401-413 Lakeland Drive SE; and \$74,308 for HRA Administration costs. Ms. Bengtson also stated the City would be the applicant and grantee if awarded the

funds, and the HRA would administer the funds on the City's behalf. This item was brought forward from the Council Work Session held earlier this evening to meet an upcoming application deadline of November 9, 2017.

Following discussion, Council Member Fagerlie offered a motion to approve the HRA submitting the application for grant request in the amount of \$1,214,145.00. Council Member Nelsen seconded the motion which carried.

City Attorney Robert Scott was recommending the Council approve the **introduction of Ordinance Authorizing the Issuance of \$1,100,000 General Obligation Improvement Bonds, Series 2017A and the Levying of Taxes to Secure Payment Therefore**, and set a public hearing for November 20, 2017 at 7:02 p.m. to take testimony on the ordinance. Council Member Christianson offered a motion to approve City Attorney Scott's recommendation. Council Member Alvarado seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Council Member Christianson introduced **Resolution No. 17-127 Calling for Public Hearing on an Ordinance Authorizing the Issuance of \$1,100,000 General Obligation Improvement Bonds, Series 2017A and Levying Taxes for the Payment Thereof**. Council Member Fagerlie seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

City Attorney Robert Scott was recommending the Council set a public hearing for November 20, 2017 at 7:01 p.m. to consider the proposed Operating Lease Agreement with Carris Health, LLC (Carris) and CentraCare Health Systems (CCH) and convert the City's Hospital Bonds to Qualified 501(C)(3) Bonds. Council Member Christianson offered a motion to approve City Attorney Scott's recommendation. Council Member Nelsen seconded the motion which carried.

City Administrator Ike Holland informed the Council that the alternate plan for 2018 Employee Health Insurance that was being considered is no longer an option due to a State Statute requirement brought to his attention by City Attorney Robert Scott. City Administrator Holland stated the current employee health care plan would remain in effect for 2018, and therefore no action is required by Council.

Planning and Development Services Director Bruce Peterson presented a request by Kwik Trip, Inc. for a vacation of a utility easement on property described as: the Westerly 5 feet of Lot 2, Block 1, First Minnesota Addition. Mr. Peterson was requesting council's approval to adopt a resolution setting a public hearing for November 20, 2017 at 7:03 p.m.

Following discussion, **Resolution No. 17-128 Setting a Public Hearing to Consider a Petition to Vacate a Utility Easement (First Minnesota Addition)** was introduced by Council Member Christianson. Council Member Nelsen seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Planning and Development Services Director Bruce Peterson presented a request for Council's approval of a one-lot plat which combines three parcels into one clean lot for development of a c-store/gas station/car wash on 1st Street South as submitted by Kwik Trip, Inc. Mr. Peterson is requesting Council approve both the preliminary and final plat at this time. Council Member Christianson offered a motion to approve staff's recommendation. Council Member Nelsen seconded the motion which carried.

Planning and Development Services Director Bruce Peterson presented a request for Council's approval of a preliminary plat for Midwest Storage Addition. Mr. Peterson stated the developer proposes subdividing the two existing parcels into three parcels for a commercial planned unit development with private drive on Highway 12 East. Mr. Peterson stated to ensure perpetual access to all three parcels, Outlot A will be a private drive with articles and declarations spelling out ownership, access, and maintenance issues. It was noted that the Planning Commission has approved the preliminary plat. Council Member Christianson offered a motion to approve staff's recommendation. Council Member Nelsen seconded the motion which carried.

Council Member Mueske presented the conclusions of a performance review, by Council, for City Administrator Ike Holland. It was noted that City Administrator is meeting or exceeding expectations in all aspects of his duties. Council Member Mueske was asking Council to approve the satisfactory recommendation

and authorize three (3%) percent salary increase for City Administrator Holland. City Attorney Robert Scott noted the effective date for the salary increase would be as of today, upon a favorable motion. Mayor Calvin thanked Mr. Holland for his leadership thus far, and looks forward to working with him in the future. Council Member Mueske offered a motion to approve the recommendation and authorize a three (3%) percent salary increase for City Administrator Holland. Council Member Alvarado seconded the motion which carried.

Council Member Schwantes offered a motion to remove from the table a request for the creation of a new tax increment financing (TIF) district for the Legacy on First Project. Council Member Nelsen seconded the motion which carried.

Planning and Development Services Director Bruce Peterson stated this item was tabled at the October 16th Council meeting and he followed up on Council's concerns regarding this project: 1) the term of the district and potential return to the developer; 2) site access and layout of the drive-thru lanes, and 3) other minor concerns that he will address. Mr. Peterson stated he has since spoken to the developer, developer's attorney and finance professionals and the message he received was that the project finances were thin and there was no room to adjust the term of the district. Staff reviewed the finances and concur. For this project to be successful even in its barest form requires the minimum 15-year tax increment financing plan that was given preliminary approval by the Council in May 2017. The site plans were reviewed again along with the access and drive-thru and staff remains convinced that this site will function efficiently and safely. Staff feels this is an exciting project for a site that is heavily encumbered by unavoidable redevelopment costs and TIF is the only logical way to develop a way out of that situation. There was also some discussion about the TIF assistance being a business subsidy, there was some confusion on that matter. Further research has yielded the opinion that under Minnesota statutes this particular project is not a business subsidy because the cost to acquire and prepare the site exceeds 70% of the assessor's estimated market value and that is a direct exception from the business subsidy requirements in Minnesota statute. Staff was again recommending approval of the TIF District for the Legacy on First Project for a term of 15 years.

Legacy on First developer, Blake Graves addressed the Council with efforts he has done to use some of the other sites available within the City for his proposed project, and gave a background on his company and the desire to move to 1st Street. He stated none of the properties met the criteria needed for his project.

Following a lengthy discussion, Council Member Plowman called the question. **Resolution No. 17-129 Approving the Tax Increment Plan and the Use of Tax Increment Financing** was introduced by Council Member Plowman. Council Member Mueske seconded the motion, which carried on a roll call vote of Ayes 7, Noes 1. Council Member Christianson voted "no."

Police Chief Jim Felt presented a request for purchase and implementation of a second K9 unit within the Willmar Police Department. Chief Felt stated the dog would be purchased with funds from the Willmar Police Department drug forfeiture fund so there would be no impact on the city or the Willmar Police Department budget. Council Member Christianson offered a motion to approve staff's recommendation. Council Member Nelsen seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

City Administrator Ike Holland announced there is a tentative Labor Meeting to be held at 7:00 p.m. on November 27th and urged Council to keep that date open.

Mayor Calvin announced there will be a Special Council Meeting on Tuesday, November 14th at 7:00 p.m. at the Health and Human Services Building to discuss the proposed Rice Memorial Hospital operating lease and affiliation agreement.

Council Member Nelsen asked Public Works Director for a brief update on the 2017 street projects.

Council Member Christianson urged everyone to attend the military memorabilia display at the City Auditorium on Saturday, November 11th.

Council Member Alvarado mentioned he had the opportunity to attend a Mankato council meeting and shared some of the things they do within their community.

Council Member Fagerlie mentioned the Lakeland School will be opening soon and urged everyone to pay attention as they drive on Lakeland Drive Northeast and watch for students in the cross walk.

Council Member Nelsen offered a motion to adjourn the meeting with Council Member Mueske seconding the motion, which carried. The meeting adjourned at 9:28 p.m.

MAYOR

Attest:

SECRETARY TO THE COUNCIL

RESOLUTION NO. 17-124

DEFERRING SPECIAL ASSESSMENTS

Motion By: Mueske Second By: Christianson

WHEREAS, the City Council of the City of Willmar, Minnesota, did order the reconstruction of certain streets during the year 2017 (Project 1701); and

WHEREAS, Minnesota Statutes, Sections 435.193 to 435.195 allows local governments certifying special assessments against municipal properties to defer the payment of that assessment for any homestead property owned by a person 65 years of age or older, retired by virtue of a permanent and total disability; and active military

WHEREAS, certain property owner(s) have made application to the City for delayed payment of tax on special assessments and have met the criteria contained in Minnesota Statutes for said deferment.

NOW, THEREFORE, BE IT RESOLVED by the Willmar City Council that special assessments as hereinafter designated be certified to the County and deferred for the years of 2018 through 2027 with interest at the annual rate of four and zero hundredths (4.00%) percent.

BE IT FURTHER RESOLVED that the option to defer payments will terminate and all deferred payments and interest become payable if a) the owner dies and the surviving spouse is not eligible; b) the property or a portion of the property is sold, transferred or subdivided; c) the property loses its homestead status; or d) the City determines that to require immediate or partial payment would not create a hardship.

Floyd Perleberg
501 Lakeland Drive SE
Willmar, MN 56201

95-913-1210 \$4,600.00
Section 13, Township 119, Range 35
THAT PART OF THE S 440' OF N 880' OF W
990' OF SW1/4 OF NW1/4 DESC AS FOL: BEG AT
NW COR OF THE ABOVE TRACT, TH E 300', TH
S 115', TH W 300', TH N 115' TO BEG.

Dated this 6th day of November, 2017.

Attest:

s/s Marv Calvin
MAYOR

s/s Judy Thompson
CITY CLERK

RESOLUTION NO. 17-125

**RESOLUTION AUTHORIZING CHANGE ORDER #1
FOR AIRPORT EAST TAXILANE RECLAMATION PROJECT**

Motion By: Mueske Second By: Christianson

BE IT RESOLVED by the City Council of the City of Willmar, a Municipal Corporation of the State of Minnesota, that the Mayor and City Administrator of the City of Willmar are hereby authorized to modify the contract No. FAA AIP No. 3-27-0115-11-17 SP # A3401-68 between the City of Willmar and Swenson and Sons Inc. in the amount of \$7,782.00 for the Airport East Taxilane Reclamation Project.

Dated this 6th day of November, 2017

s/s Marv Calvin
MAYOR

Attest:

s/s Judy Thompson
CITY CLERK

RESOLUTION NO. 17-126

**A RESOLUTION APPROVING THE PURCHASE OF A PARALLELOGRAM LIFT FOR THE PUBLIC WORKS
GARAGE IN THE AMOUNT OF \$119,551.78.**

Motion By: Mueske Second By: Plowman

BE IT RESOLVED by the City Council of the City of Willmar, a Municipal Corporation of the State of Minnesota, the purchase of a Parallelogram lift is accepted through the National Joint Powers Association purchasing cooperative Contract No. 061015-MRL, and be it further resolved the Mayor and City Administrator of the City of Willmar are hereby authorized to enter into an agreement with Mohawk Resources, LTD. for the terms and consideration of the contract in the amount of \$119,551.78.

Dated this 6th day of November, 2017

s/s Marv Calvin
Mayor

Attest:

s/s Judy Thompson
City Clerk

RESOLUTION NO. 17-127

**RESOLUTION CALLING FOR PUBLIC HEARING ON AN
ORDINANCE AUTHORIZING THE ISSUANCE
OF \$1,100,000 GENERAL OBLIGATION IMPROVEMENT
BONDS, SERIES 2017A AND LEVYING TAXES FOR
THE PAYMENT THEREOF**

Motion By: Christianson Second By: Fagerlie

WHEREAS:

A. The City of Willmar has heretofore undertaken to construct certain improvements pursuant to Minnesota Statutes, Chapter 429, as more fully described in the proposed Ordinance set forth below.

B. Said improvements have heretofore been duly incorporated into the City's capital Program in accordance with the City Charter.

C. It is necessary and desirable that the City of Willmar issue its general obligation improvement bonds in the principal amount of \$1,100,000 to finance various improvement projects in the City.

D. Section 2.12 of the City Charter requires that acts of the City Council which authorize the borrowing of money and levying of taxes shall be by ordinance.

E. Councilmember Christianson introduced an Ordinance entitled "An Ordinance Authorizing the Issuance of \$1,100,000 General Obligation Improvement Bonds, Series 2017A".

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

1. The City Clerk is authorized and directed to distribute a copy of said Ordinance to each Council Member, to the Mayor, and to the City Attorney, and to file a reasonable number of copies of the Ordinance in the office of the City Clerk and the following other public places:

- A. County Auditor's Office
- B. _____
- C. _____

2. This Council shall meet at the time and place specified in the form of notice hereinafter contained for the purpose of conducting a public hearing on the Ordinance and considering the Ordinance for adoption.

3. The City Clerk is hereby authorized and directed to cause notice of the time, place and purpose of said public hearing to be published in the local official newspaper of the City not less than seven days in advance of the date of hearing as required by the City Charter, which notice shall be substantially the following form:

NOTICE OF PUBLIC HEARING
ON THE ADOPTION OF AN ORDINANCE

NOTICE IS HEREBY GIVEN by the City Council of the City of Willmar, Minnesota, that the City Council will conduct a public hearing on and consider adoption of the Ordinance described below at the Municipal Utilities Building in the City of Willmar, Minnesota, at 7:02 o'clock p.m. on the 20th day of November, 2017 said proposed Ordinance is as follows:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,100,000 GENERAL
OBLIGATION IMPROVEMENT BONDS, SERIES 2017A AND THE LEVYING OF TAXES
TO SECURE PAYMENT THEREFOR.

The City of Willmar hereby ordains:

1. In accordance with Minnesota Statutes, Chapter 429, the City of Willmar has heretofore determined to construct the following improvements:

<u>Project</u>	<u>Total Cost</u>	<u>Amount to be Financed</u>	<u>Amount to be Assessed</u>
2017 Improvement Project	\$2,410,237	\$1,100,000	\$693,808

2. In order to finance said improvements it is necessary to issue General Obligation Improvement Bonds of the City in the amount of \$1,100,000.

3. For the purposes of complying with Minnesota Statutes, Section 475.61, there will be levied a direct ad valorem tax upon all taxable property in the municipality in such amounts as are required by law to secure payment of said Bonds.

4. This Ordinance is adopted in order to authorize the borrowing of money and the issuance of general obligation bonds and the levying of taxes therefor as provided in Section 2.12 of the City Charter. Further details shall be set forth by resolution.

Such persons as desire to be heard with reference to the proposed Ordinance will be heard at this hearing.

By Order of the City Council

/s/ Judy Thompson
City Clerk

4. Upon sale of said bonds, the City Clerk shall compute the levy made by said Ordinance No. ____ commencing in or about the year 2018 and ending in or about the year 2027 upon all taxable property in the City, which tax shall be spread upon the tax rolls and collected with and as part of other general property taxes in said City in such an amount as is necessary to comply with Minnesota Statutes, Section 475.61, subd. 1. Said tax levy shall be irrevocable so long as any of said bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce the levies in the manner and to the extent permitted by Minnesota Statutes, Section 475.61, subd. 3.

5. No bonds shall be issued and no tax levy shall be effective in accordance with this resolution until (a) after the Ordinance has been duly adopted and published in accordance with the City Charter, and (b) the applicable 15 day period has elapsed with respect to said Ordinance and all appropriate bond resolutions during which period no Certificate of Intent is filed in accordance with Section 7.04(j) of the City Charter.

The motion for the adoption of the foregoing resolution was duly seconded by member Fagerlie and upon a vote being taken thereon, the following voted in favor thereof: Council Members Audrey Nelsen, Ron Christianson, Kathy Schwantes, Fernando Alvarado, Julie Asmus, Shawn Mueske, Andrew Plowman and Rick Fagerlie.

and the following voted against the same: None

Whereupon said resolution was declared duly passed and adopted on November 6, 2017.

s/s Marv Calvin

Mayor

Attest:

s/s Judy Thompson

City Clerk

**RESOLUTION NO. 17-128
RESOLUTION SETTING A PUBLIC HEARING TO CONSIDER A
PETITION TO VACATE A UTILITY EASEMENT (FIRST MINNESOTA ADDITION)**

BE IT RESOLVED by the City Council of the City of Willmar that the Council conduct a public hearing at 7:03 p.m. on Monday, November 20, 2017, in the Council Chambers at the Municipal Utilities Commission Building, 700 Litchfield Ave. SW, Willmar, MN.

BE IT FURTHER RESOLVED that the purpose of the hearing will be to consider a utility easement vacation initiated by City of Willmar described as follows:

The westerly 5' of Lot 2, Block 1, First Minnesota Addition

BE IT FURTHER RESOLVED that any person having an interest in said matter is invited to appear in person or be represented by counsel to be heard on this matter.

Dated this 6th day of November, 2017.

s/s Marv Calvin

MAYOR

Attest:

s/s Judy Thompson

CITY CLERK

RESOLUTION NO. 17-129

APPROVING THE TAX INCREMENT PLAN AND THE USE OF TAX INCREMENT FINANCING

Motion By: Plowman

Second By: Mueske

WHEREAS, the City Council of the City of Willmar (hereinafter the Municipality) pursuant to Minnesota Statutes, Chapter 472A (now Chapter 469), in 1981 adopted a Development Program for Municipal Development District Number II, encompassing the area which is more particularly described on Addendum A attached hereto and made a part hereof (which area is hereinafter called the Development District), and

WHEREAS, it is desirable and in the public interest that the Municipality undertake and carry out a tax increment financing plan for the Legacy on First redevelopment district pursuant to Minnesota Statutes, Sections 469.174-179, encompassing the area which is more particularly described on Addendum A attached hereto and made a part hereof (which area is herein called Tax Increment District, Redevelopment District, or District), and

WHEREAS, the City Council has reviewed the plan for the Legacy on First Tax Increment District of the Development District, dated September 2017 (herein called the Plan, and attached hereto as Addendum B), and which sets forth a tax increment financing plan for the Redevelopment District, and

WHEREAS, the Plan sets forth the Municipality's estimate of the fiscal and economic impacts of the tax increment financing on the tax capacities of all taxing jurisdictions in which the Redevelopment District is located, and the Municipality's estimate of the fiscal and economic implications of the District, and

WHEREAS, the Board of Commissioners of Kandiyohi County, Minnesota has been notified on the public hearing for the review of the Plan, and

WHEREAS, the School Board of Independent School District No. 347 has been notified of the public hearing for the review of the Plan, and

WHEREAS, the Commissioner representing the area included in the District has been notified of the public hearing for the review of the plan, and

WHEREAS, the City Council has received and considered the comments of the Board of Commissioners of Kandiyohi County, the School Board of the Willmar School District, and the Commissioner representing the area included in the District, relative to the contents of the Plan, and

WHEREAS, the City Council on October 16, 2017, after having published a notice of public hearing in the official newspaper of the Municipality, conducted a public hearing on the Plan and received public comments on the same.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Willmar, that the City Council makes the following:

FINDINGS:

1. That the proposed tax increment financing district is a redevelopment district and meets the criteria of 469.174 Subd. 10, Paragraph A.
2. That the proposed development, in the opinion of the Municipality, would not be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.
3. That the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value

estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan.

4. That the tax increment financing plan would afford maximum opportunity, consistent with the sound needs of the Municipality as a whole, for the development of the District by private enterprise.
5. That it is hereby found and determined that the tax increment financing plan conforms to the general plan for the development of the Municipality as a whole.
6. That the reason and supporting facts for findings as set forth in the plan are by this reference confirmed and adopted.
7. That no persons or businesses will be displaced or relocated as a result of the approval of, and execution of, the tax increment financing plan set forth in the Plan.

BE IT FURTHER RESOLVED by the City Council of the City of Willmar, that:

1. The Tax Increment Financing Plan for the Legacy on First Tax Increment District of Municipal Development District No II attached hereto as Addendum B is hereby approved, contingent on the City Council's final approval of a Development and Business Subsidy Agreement (s) as required and/or authorized by Minnesota Statutes, Section 116.994, subdivision 3 and Minnesota Statutes, Section 469.174 through 469.1794.
2. The City Clerk is hereby directed to file a copy of the resolution and a copy of the Plan with the Department of Employment and Economic Development, the Office of the State Auditor, and the Department of Revenue.
3. The City Clerk is hereby authorized and directed to request the Auditor of Kandiyohi County to certify the original tax capacity of the District established by this resolution.
4. The Municipality hereby states its intention to use all of the captured tax capacity for purposes of tax increment financing as per the conditions set forth in the Plan.

Adopted by the Willmar City Council this 6th day of November, 2017.

s/s Marv Calvin
MAYOR

Attest:

s/s Judy Thompson
CITY CLERK

WILLMAR MUNICIPAL UTILITIES MINUTES
MUNICIPAL UTILITIES AUDITORIUM
NOVEMBER 13, 2017

The Municipal Utilities Commission met in its regular meeting on Monday, November 13, 2017 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Carol Laumer, Justin Mattern, Abdirizak Mahboub, Dan Holtz, Nathan Weber, Bruce DeBlieck, and Ross Magnuson.

Others present at the meeting were: General Manager John Harren, Director of Finance Denise Runge, Power Supply Manager Chris Carlson, Customer Service Supervisor Stacy Stien, Power Production Supervisor Jon Folkedahl, Staff Electrical Engineer Jeron Smith, Data Processing/IT Manager Mike Sangren, Compliance/HR/Safety Officer Janell Johnson, Power Resources Analyst Michelle Marotzke, Administrative Secretary Beth Mattheisen, Water & Heating Supervisor Joel Braegelman, Facilities & Purchasing Supervisor Kevin Marti, Energy Services & Marketing Rep Mary Kosbab, City Councilmember Shawn Mueske, City Attorney Robert Scott (via teleconference), and West Central Tribune Journalist Shelby Lindrud.

Commissioner Laumer (President) opened the meeting by requesting the Commission to offer a resolution to approve the Consent Agenda. Following review and discussion, Commissioner Mahboub offered a resolution to approve the Consent Agenda as presented. Commissioner Holtz seconded.

RESOLUTION NO. 40

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Consent Agenda be approved as presented which includes:

- ❖ Minutes from the October 23, 2017 Commission meeting; and,
- ❖ Bills represented by vouchers No. 171859 to No. 171973 and associated wire transfers inclusive in the amount of \$602,487.27.

Dated this 13th day of November, 2017.

President

Attest:

Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

At 11:50 a.m., Commissioner Laumer announced that a public hearing to address rate adjustments would be conducted. Laumer informed the Commission and those in attendance of the rules and regulations involved in conducting the public hearing. It was further noted that legal notice had been published in the West Central Tribune on November 1, 2017. No citizens from the general public were in attendance to address the Commission. Following discussion and a reading of the proposed resolution in its entirety, Commissioner Laumer requested a motion to close the public hearing. Commissioner Holtz offered a motion to close the public hearing to consider approval of the proposed resolution. Commissioner Mahboub seconded the motion which carried by a vote of

seven ayes and zero nays. Following further discussion, Commissioner Laumer offered a resolution to approve the proposed resolution recommending that the Willmar City Council impose an Intergovernmental Transfer Fee (City franchise fee) on utility bills and to implement rate adjustments for 2018 and 2019, subject to approval of the Willmar City Council. Commissioner Mahboub seconded.

RESOLUTION NO. 41

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioner Weber (LC Vice-Chair) reviewed with the Commission the minutes from the October 23rd WMU Labor Committee meeting (see attached). The purpose of the meeting was to discuss the process and options for consideration related to the impending labor negotiating session scheduled for Tuesday, October 24th. Following review and discussion, Commissioner Weber offered a motion to approve the minutes of the October 23rd WMU Labor Committee meeting as presented. Commissioner Holtz seconded the motion which carried by a vote of seven ayes and zero nays.

It was further noted that upon the successful negotiating session held on October 24th, a tentative agreement between WMU and IBEW Local No. 160 had been reached for a three-year labor agreement (2018-2020). A summary of the tentative agreement was presented for review which included wage increases (2.50% in 2018, 2.75% in 2019, and 2.75% in 2020) and a change in health insurance coverage from Blue Cross Blue Shield to Health Partners. The proposed Terms and Conditions of Settlement between WMU and IBEW Local #160 were presented and accepted by the membership on October 30, 2017. Following discussion, Commissioner Laumer offered a resolution to approve the three-year contract agreement with WMU's union employees as presented. Commissioner Holtz seconded.

RESOLUTION NO. 42

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the three-year labor agreement between Willmar Municipal Utilities and IBEW Local Union #160 employee-members which includes incorporating a 2.5% wage increase in 2018 and a 2.75% wage increase in both 2019 and 2020 along with a switch in health insurance coverage to Health Partners be approved as presented."

Dated this 13th day of November, 2017.

President

Attest:

Secretary

The foregoing resolution was adopted by a vote of seven ayes and zero nays.

Commissioners Laumer (LC Chair) and Mattern (PC Chair) reviewed with the Commission minutes from the October 27th WMU Committee Chairs meeting (see attached). The main topic of discussion focused on the need to establish a gas contract for firm pricing. Following a review, Commissioner Laumer offered a motion to approve the October 27th meeting of WMU Committee

Chairs as presented. Commissioner Mattern seconded the motion which carried by a vote of seven ayes and zero nays.

In conjunction with the meeting of October 27th, it was essential that an agreement be reached to secure the gas requirements needed for operation by WMU. Staff had previously met (Oct. 25th) with a representative of Kinect Energy to discuss a possible contract. Following discussion and review by Attorney Scott, Staff, and Commission Chairs, a contract between WMU and Kinect Energy was reached. Due to the timeliness related to the contract, Commissioner Laumer executed an agreement establishing firm gas pricing for up to 1,200 Dth/day effective November 1, 2017 to March 31, 2018. It was further noted that Attorney Scott will continue to work with legal staff at Kinect Energy to finalize the agreement. Following discussion, Commissioner Mahboub offered a resolution to approve the Master Agreement for Energy Management Services between WMU and Kinect Energy to secure firm pricing on gas requirements be approved as presented. Commissioner DeBlieck seconded.

RESOLUTION NO. 43

“BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the Master Agreement for Energy Management Services with Kinect Energy, Inc, of Plymouth, Minnesota, to provide firm-priced gas requirements (up to 1,200 Dth/day) effective November 1, 2017 to March 31, 2018 be approved as presented.”

Dated this 13th day of November, 2017.

President

Attest:

Secretary

Commissioner Laumer reviewed with the Commission minutes from a joint meeting of the WMU Commission, Mayor Calvin, City Council, City Administrator Holland and WMU management staff held on October 31st (see attached). Topics of discussion included: 1) MUC/City Council responsibilities; 2) Intergovernmental Transfer (“Franchise Fee”); 3) utility rate adjustments; 4) water main replacement costs; 5) Water Treatment Plant Project update; 6) downtown street lighting; and, 7) WMU facility replacement. In conclusion, it was the directive of the governing boards to direct General Manager Harren and City Administrator Holland to develop two Memorandums of Agreement (MOA’s) based on the discussions mutually agreed upon during the session. The MOA’s would address: 1) Intergovernmental Transfer/Franchise Fee (as a line item); and, 2) water main replacement costs/fire hydrants. Following review and discussion, Commissioner Laumer offered a motion to approve the minutes of the joint MUC/City Council meeting as presented. Commissioner Holtz seconded the motion which carried by a vote of seven ayes and zero nays.

Commissioner Mattern (PC Chair) reviewed with the Commission the minutes from the November 3rd WMU Planning Committee (see attached). Topics of discussion included: 1) Priam Substation update; 2) annual cyber security test (penetration test); 3) Operations Policies updates; and, 4) rate adjustments. Mattern noted that a number of items reviewed would require Commission approval. Following review and discussion, Commissioner Mattern offered a motion to approve the minutes

of the November 3rd WMU Planning Committee meeting as presented. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

Related to the Priam Substation, Staff Electrical Engineer Smith requested the Commission to authorize DGR Engineering to proceed with the final design and bidding phase of the project. An outline of the associated fees were presented for review. Following discussion, Commissioner Mattern offered a motion to approve the authorization of DGR Engineering to proceed with the final design and bidding phase of the Priam Substation project. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

Data Processing/IT Manager Sangren requested the Commission to authorize conducting the annual penetration test (cyber security). This would be the second annual pen test to be conducted. Sangren noted that the pen test had been budgeted, and he was recommending that NetSPI of Minneapolis, be approved to administer the testing in the amount of \$8,500. Following review and discussion, Commissioner Laumer offered a motion to authorize NetSPI to conduct the annual penetration testing (cyber security) in the amount of \$8,500. Commissioner Holtz seconded the motion which carried by a vote of seven ayes and zero nays.

Compliance/HR/Safety Officer Johnson informed the Commission that a number of WMU Operations Policies were being updated. These specific policies were: 1) Investment Policy; 2) Purchasing Policy; 3) Emergency Contingency Policy; and, 4) 2018 Schedule of Charges. For ease of viewing, Johnson referred the Commissioners to the WMU Schedule of Changes which presented a summary of the revisions. Johnson further informed the Commission that the WMU Mission Statement will be incorporated into all the policies. Following discussion and review, Commissioner Holtz offered a motion to approve the updated Operations Policies as presented. Commissioner Magnuson seconded the motion which carried by a vote of seven ayes and zero nays.

Per Commission directive, Staff had developed a document to conduct annual Commissioner self-evaluations. It had been determined that the self-evaluations would assist in promoting understanding of roles & responsibilities, provide orientation for new members, address potential board conflicts, clarify member's expectations, identify priorities for future efforts, establish strengths & weaknesses, and to clarify areas for improvement in board performances. Following review and discussion, Commissioner Laumer offered a motion to approve the WMU Self-Evaluation as presented. Commissioner Mahboub seconded the motion which carried by a vote of seven ayes and zero nays.

Power Supply Manager Carlson presented the Commission with an update of the Energy Acquisition Adjustment (EAA). The purpose of the EAA is to assist in the recovery of power supply costs that are outside the control of WMU. The use of the EAA reduces the need for frequent adjustments in rates to account for uncontrollable power supply expenses. The EAA had received Commission approval in November 2016 with the implementation of a 4 mil (.004 cent) monthly-adjustment beginning with the December 2016 billing cycle. The graphs presented illustrated a gradual increase in the recovery of losses related to power supply costs. Additional information provided included anticipated EAA projections for the year-ending (2017).

At this time, utility-related reports were presented to the Commission for review and discussion. These reports and analyses included:

- 1) September 2017 Power Supply Report (Power Resources Analyst Marotzke)
- 2) September 2017 Wind Turbine Report (Power Production Supervisor Folkedahl)

Commissioner Laumer informed the Commission that Commissioner Holtz had submitted his formal MUC resignation to Mayor Calvin effective following the December 11th MUC meeting. It was noted that the vacancy is for the final year of a two-year term. Any suggestions or comments related to filling the vacancy should be directed to Mayor Calvin.

General Manager Harren informed the Commission of a rate increase for legal services effective January 1, 2018. For general municipal matters (labor and employment matters), the hourly rate provided by Flaherty & Hood, P.A. would be \$140/hour (previously \$135/hour). This was for information only.

For information: Upcoming meetings/events to note include:

- 2018 APPA Legislative Rally – Feb. 26-28 (Washington, DC)
- 2018 APPA National Conference – June 15-20 (New Orleans, LA)

There being no further business to come before the Commission, Commissioner Laumer declared the meeting adjourned at 12:54 p.m.

Respectfully Submitted,

WILLMAR MUNICIPAL UTILITIES

Beth Mattheisen
Administrative Secretary

ATTEST:

Abdirizak Mahboub, Secretary

WILLMAR MUNICIPAL UTILITIES RESOLUTION 2017- #41

A RESOLUTION TO RECOMMEND THAT THE WILLMAR CITY COUNCIL IMPOSE OF AN INTERGOVERNMENTAL TRANSFER FEE ON UTILITY BILLS AND IMPLEMENT UTILITY RATE ADJUSTMENTS FOR 2018 AND 2019

WHEREAS, Pursuant to Section 4.05, subdivision 2(G) of the Willmar Charter, the Willmar Municipal Utilities Commission (Commission) has the power and responsibility to recommend to the Willmar City Council (City Council), after holding hearings, rates to be charged for water, electricity, hot water heat and any other utility services sold by the Commission; and

WHEREAS, WMU commissioned a rate study that was completed by Dave Berg Consulting LLC in 2014, which study recommended rate increases that have not to date been implemented in the amounts of three percent in 2016, three percent in 2017 and three percent in 2018 for electrical; and ten percent in 2017 and ten percent in 2018 for water, all in order to continue providing the high quality of service expected by WMU Customers; and

WHEREAS, The Commission duly noticed and conducted a public hearing on its proposed rate adjustments for 2018 and 2019 as detailed herein at the Commission's regular meeting on November 13, 2017; and

WHEREAS, Pursuant to Section 2.12, subdivision 1(E) of the Willmar Charter, the City Council has the power and responsibility to regulate the rates charged for utility services by the Commission and the City by ordinance.

WHEREAS, The Commission pays an intergovernmental transfer fee to the City annually in an amount equal to \$7.70/mwh, in addition to certain other contributions to the City such as wastewater costs and street lighting, which fees and costs have the effect of increasing the rates charged for the utility services provided by the Commission; and

WHEREAS, After careful consideration, the Commission believes the interests of transparency would best be served by separating the cost to the Commission of the intergovernmental transfer fee and other contributions to the City out of the utility rates and instead imposing a separate City Franchise Fee charge on each utility bill issued by the Commission, which fee would mitigate the need to implement the full amounts of the rate increases recommended by the 2014 Dave Berg Consulting LLC rate study; and

WHEREAS, The Commission further believes the existing "Billing Charge" fee on utility bills, which has been referred to as a "Customer Charge" in previous ordinances establishing utility rates, would be more accurately described as a "Fixed Cost" fee, and the Commission supports making that change on future utility bills.

NOW, THEREFORE, BE IT RESOLVED BY THE WILLMAR MUNICIPAL UTILITIES COMMISSION THAT:

1. The Commission recommends to the City Council that a City franchise fee be added to all utility bills to be calculated by applying a rate to be determined by dividing the total

kilowatt hours (kWh) sold by WMU annually by the total intergovernmental transfer, street lighting and wastewater costs incurred by WMU for the preceding calendar year to each customer kWh billed monthly for the next 12 month period.

2. The Commission recommends to the City Council that the existing "Billing Charge" fee on utility bills, which has been referred to as a "Customer Charge" in previous ordinances establishing utility rates, be renamed as a "Fixed Cost" fee.
3. The Commission further recommends to the City Council that the rates for water service provided by the Commission be increased from existing rates by five percent effective January 1, 2018 and an additional five percent above such 2018 rates effective January 1, 2019.
4. The Commission further recommends that the City Council adopt the ordinance attached hereto as Appendix A and incorporated herein by reference implementing the intergovernmental transfer fee, water rate adjustments and renaming of the "Customer Charge" as a "Fixed Cost" fee detailed in Paragraphs 1--3 above.

PASSED by the Willmar Municipal Utilities Commission on this 13th day of November, 2017.

Willmar Municipal Utilities Commission

Carol Laumer, President

ATTEST:

By _____

Its _____

APPENDIX A
Draft Ordinance Implementing Recommended Utility Rates for 2018 and 2019

ORDINANCE NO. _____

AN ORDINANCE AMENDING RATES CHARGED BY THE MUNICIPAL UTILITIES COMMISSION OF THE CITY OF WILLMAR, A PUBLIC UTILITY, TO BE EFFECTIVE FOR BILLINGS SENT ON AND AFTER JANUARY 1, 2018.

BE IT ORDAINED, by the City Council of the City of Willmar as follows:

Section 1. ELECTRIC RATES. The rates for electric service provided by the Municipal Utilities Commission shall continue to be as follows:

Residential Service Rate

The rate for residential service shall be the sum of the energy charge and the customer charge as follows:

	Summer	Non-Summer
<u>Energy Charge</u>		
All kWh .....	.1094	.0957
Fixed Cost Fee	\$10.35/mo.	\$10.35/mo.

Heat Pump Rate

The rate for off-peak service shall be as follows:

<u>Energy Charge</u>		
All KWH .....	.1094	.0784

Off-Peak Rate

The rate for off-peak service shall be as follows:

<u>Energy Charge</u>		
All kWh .....	.0566	.0566

Small Commercial Rate

The rate for general service shall be the sum of the energy charge and the customer charge as follows:

<u>Energy Charge</u>		
All kWh .....	.1091	.0953
Fixed Cost Fee	\$16.05/mo.	\$16.05/mo.

Three Phase Commercial Rate

The rate for three phase commercial service shall be the sum of the energy charge and the customer charge as follows:

<u>Energy Charge</u>		
All kWh .....	.1091	.0953
Fixed Cost Fee	\$31.05/mo.	\$31.05/mo.

Large Power Rate

The rate for large power service shall be the sum of the demand, energy charge and the customer charge as follows:

<u>Primary Service</u>	
Energy Charge	

All kWh	.0650	.0582
Demand Charge	\$13.77/KW	\$12.15/KW
<u>Secondary Service</u>		
<u>Energy Charge</u>		
All kWh .....	.0663	.0594
Demand Charge	\$14.05/KW	\$12.40/KW
<u>Fixed Cost Fee</u>		
Primary Service	\$45.80/mo.	\$45.80/mo.
Secondary Service	\$34.35/mo.	\$34.35/mo.

Industrial Rate

The rate for industrial service shall be the sum of the demand charge, energy charge, and the customer charge as follows:

<u>Primary Service</u>		
<u>Energy Charge</u>		
All KWH.....	.0628	.0560
Demand Charge	\$13.77/KW	\$12.15/KW
<u>Secondary Service</u>		
<u>Energy Charge</u>		
All KWH.....	.0641	.0572
Demand Charge.....	\$14.05/KW	\$12.40/KW
<u>Fixed Cost Fee</u>		
Primary Service	\$45.80/mo.	\$45.80/mo.
Secondary Service	\$34.35/mo.	\$34.35/mo.

Section 2. 2018 WATER RATES. Beginning on January 1, 2018, the rates for water service provided by the Municipal Utilities Commission shall be as follows:

The rate for water service shall be the sum of the demand charge, consumption charge and customer charge as follows:

<u>Demand Charge</u>	<u>Rate/Month</u>	
Meter Size		
5/8"	\$2.36	
3/4"	\$3.42	
1"	\$6.02	
1 1/2"	\$13.56	
2"	\$24.18	
3"	\$54.50	
4"	\$96.74	
6"	\$217.79	
<u>Consumption Charge</u>	Summer	Non-Summer
Residential	\$1.65	\$1.29
Commercial.....	\$1.13	\$.89
Industrial.....	\$.98	\$.77

<u>Fixed Cost Fee</u>	<u>Rate/Month</u>
Residential	\$ 7.13
Commercial.....	\$11.80
Industrial	\$29.49

Section 3. 2019 WATER RATES. Beginning on January 1, 2019, the rates for water service provided by the Municipal Utilities Commission shall be as follows:

The rate for water service shall be the sum of the demand charge, consumption charge and customer charge as follows:

<u>Demand Charge</u>	<u>Rate/Month</u>
Meter Size	
5/8".....	\$2.48
3/4".....	\$3.59
1".....	\$6.32
1 1/2".....	\$14.24
2".....	\$25.39
3".....	\$57.23
4".....	\$101.58
6".....	\$228.68

<u>Consumption Charge</u>	<u>Summer</u>	<u>Non-Summer</u>
Residential	\$1.73	\$1.35
Commercial.....	\$1.19	\$.93
Industrial.....	\$1.03	\$.81

<u>Fixed Cost Fee</u>	<u>Rate/Month</u>
Residential	\$ 7.49
Commercial.....	\$12.39
Industrial	\$30.96

Section 4. SUMMER RATE DEFINITION

The summer rates are defined as the billing months of June through September.

Section 5. ELECTRIC ENERGY ACQUISITION ADJUSTMENT

There shall be added to all electrical energy billed an energy acquisition adjustment. The energy acquisition adjustment shall be calculated by subtracting 5.08/KWH from the monthly weighted average cost per KWH of generated power and power purchased for resale. The excess from this calculation from the second preceding month shall be multiplied by the current month KWH usage.

Section 6. CITY FRANCHISE FEE

There shall be added to all utility bills a "City franchise fee" to be calculated by applying a rate to be determined by dividing the total kilowatt hours (kWh) sold by WMU annually by the total intergovernmental transfer, street lighting and wastewater costs incurred by WMU for the preceding calendar year to each customer kWh billed monthly for the next 12 month period.

Section 7. FIXED COST FEE

The existing "Billing Charge" fee on utility bills, which has been referred to as a "Customer Charge" in previous ordinances establishing utility rates, shall continue to be imposed but shall be renamed as a "Fixed Cost" fee, as reflected in Sections 1—3 above.

Section 8. REPEALER

This Ordinance repeals all earlier ordinances to the extent that it is inconsistent therewith.

Section 9. EFFECTIVE DATE

This Amendment in rates shall be effective for billings sent on and after January 1, 2018, except that the amendment in water rates set forth in Section 3 shall be effective January 1, 2019.

VOTE: ___ ALVARADO ___ ASMUS ___ CHRISTIANSON
___ FAGERLIE ___ MUESKE ___ NELSEN ___ PLOWMAN ___ SCHWANTES

This Ordinance introduced by Council Member: _____

This Ordinance introduced on: _____

This Ordinance published on: _____

This Ordinance given a hearing on: _____

This Ordinance adopted on: _____

This Ordinance published on: _____



WILLMAR MUNICIPAL UTILITIES
MUC Labor Committee Meeting Minutes
Monday, October 23, 2017
12:45 p.m.

Attendees: Commissioners Nathan Weber & Dan Holtz, General Manager John Harren, Director of Finance Denise Runge, Compliance/HR & Safety Officer Janell Johnson, and Administrative Secretary Beth Mattheisen.

Committee Weber (Vice Chair) called the meeting to order at 12:52 p.m.

AGENDA ITEMS:

➤ **Pre-Labor Negotiations Discussion:**

General Manager Harren reviewed with the Labor Committee the labor negotiating process for the upcoming contract negotiations between WMU and IBEW Local Union #160. The first negotiating session will be held tomorrow (Tues., October 24th) beginning @ 9:00 a.m. at the Willmar Conference Center (Executive Boardroom). If necessary, a second collective bargaining session has been scheduled for Tuesday, November 7th (9:00 a.m. at WCC).

In an effort to conduct the process in a timely manner, initial contract proposals were submitted between the two entities. Following a review of the contract amendments proposed by IBEW, responses and counter offers were determined by the Labor Committee and Staff for discussion at the scheduled negotiating session.

For consideration, Director of Finance Runge reviewed with the Committee a number of health insurance options along with a possible amendment to the number of health insurance pay periods.

Due to the absence of Labor Committee Chair Carol Laumer at the October 24th negotiating session, General Manager Harren will facilitate the session on behalf of the Utility.

➤ **Adjournment**

There being no further business to come before the WMU Labor Committee, Commissioner Holtz offered a motion to adjourn. Commissioner Weber seconded the motion and the meeting was adjourned at 1:18 p.m. by a vote of two ayes and zero nays.



WILLMAR MUNICIPAL UTILITIES
WMU Commission Chair & Planning Committee Chair
Meeting Minutes
Friday, October 27, 2017 - 2:00 p.m.
WMU Conference Room

Present: Commissioners Carol Laumer and Justin Mattern, General Manager John Harren, Power Supply Manager Chris Carlson, and Power Resources Analyst Michelle Marotzke.

Commissioner Laumer (Chair) called the meeting to order at 2:16 p.m.

AGENDA ITEM(S):

➤ **Firm Gas Pricing Contract:**

General Manager Harren explained that we are not able to get a firm gas supply contract directly from CenterPoint Energy as previously indicated by CenterPoint. Their gas supply that was available has been consumed by other customers. Russ Wanger at CP referred WMU to Kinect Energy, a service provider in the gas industry.

On Wednesday, 10/25, Harren, Power Supply Manager Carlson and Power Resources Analyst Marotzke met with Bruce Hofferber from Kinect Energy and reviewed the details of a firm gas contract. That meeting resulted in a potential contract to begin on November 1, 2017. The contract was reviewed by Attorney Robert Scott and he replied to staff with suggestions. Kinect Energy's legal department agreed to all except the suggestions regarding Section 1.08 pertaining to limited liability. After several calls during this meeting between staff, commissioners, Attorney Scott, and Bruce Hofferber at Kinect Energy, it was decided to move forward with the contract as amended and leaving the limited liability section as stated. The contract dates are November 1, 2017 through March 31, 2018. Commission President executed the agreements. Attorney Scott will continue to work with Attorney Elizabeth Williams at Kinect Energy to resolve the language in Section 1.08 regarding limited liability. Once the language in Section 1.08 is resolved the contract would be extended to July 1, 2020.

➤ **Adjournment:**

There being no further discussion to come before the WMU Planning Committee, Commissioner Mattern declared the meeting adjourned at 4:00 p.m.

**WMU COMMISSION/WILLMAR CITY COUNCIL JOINT MEETING
Kandiyohi Co. Health & Human Service Bldg., Room #0030
Tuesday, October 31, 2017- 12:00 PM**

Present: Mayor Marv Calvin, City Administrator Ike Holland, General Manager John Harren, City Attorney Robert Scott, Director of Finance Denise Runge, Facilities/Purchasing Supervisor Kevin Marti, Water/Heating Supervisor Joel Braegelman and Administrative Secretary Beth Mattheisen

Municipal Utilities Commissioners: Carol Laumer, Justin Mattern, Abdirizak (Zack) Mahboub, Nate Weber, Bruce DeBlicek and Ross Magnuson (Absent: Commissioner Dan Holtz)

City Councilmembers: Kathy Schwantes, Ron Christianson, Julie Asmus, Fernando Alvarado, Audrey Nelsen, Shawn Mueske, and Rick Fagerlie (arriving at 12:10 p.m.) (Absent: Councilman Andrew Plowman)

At 12:00 p.m., Mayor Calvin opened the joint meeting by greeting those in attendance. All attendees were requested to identify themselves, their positions, and years of services.

Commission President Laumer served as Facilitator for the joint meeting. Commissioner Laumer expressed her appreciation to staff for making the arrangements for the event and thanked everyone for taking time out of their busy schedules to attend. Laumer continued by presenting an outline of the discussion points slated for today's meeting.

Topics of Discussion:

1. City Attorney Scott: Presented an overview which served as a "refresher" regarding MUC/City Council assigned responsibilities. Highlights of the governing structure according to the City Charter, Section 4.05, "Municipal Utilities Commission" were presented and a review of each of the subdivisions was presented.

2.&3. Intergovernmental Transfer/Franchise Fee, and Utility Rate Adjustment discussions:

JH: Opened discussion regarding the annual Intergovernmental Transfer (IT) to the City. In all, this payment is currently approximately a \$3 million transfer to the City (cash payment along with street lighting and wastewater costs). The regional industry average is 4.6%; WMU's is 11.6%. As a means of recovering the costs while providing transparency to its consumers, the Commission is requesting the City Council to consider adding a line item entry ("City Franchise Fee") on the monthly utility bills. This fee is based on actual kilowatt usage.

Two-year (2018 & 2019) proposed City Franchise Fee comparisons were presented for review. Graphs were presented that illustrated the affect the Franchise Fee would have on residential, commercial and industrial customers. Also reviewed was the proposed water rate adjustment and its impact on the three divisions.

Average revenue per kwh (2015) electric cost comparisons (per EIA) were distributed for review. WMU's electric rates are in the middle range. The IT (Franchise Fee) is driving up our rates by approximately 1¢ (contribution fee); the current electric rate average across all classifications per kwh is 10.3¢ (without the IT WMU's would be 9.3¢).

JH: Further informed the Council that in 2017 WMU had been the recipient of the APPA RP3 (Diamond level). This award recognizes utilities that demonstrate high proficiency in reliability, safety, work force development and system improvement. WMU received Diamond

Level which represents the highest designation of the award (highest reliability rating throughout the US).

What is the Intergovernmental Transfer/Franchise Fee?

The origin of the Payment In Lieu of Taxes (PILOT) initially began as a means of replacing property taxes; PILOT is also known as the Intergovernmental Transfer (or Franchise Fee);

A review of water rate comparisons in relation to other communities (residential & commercial) was presented.

JH: Reviewed both comparisons. WMU's electric rates rank in the middle. Water rates are lower. Current water rates with a proposed 10% increase would continue to keep Willmar in the lower 25% rate bracket.

MC: Requested electric rate graph by "rates" not alphabetical. (WMU staff will create and forward.)

JH: The time frame would be to have rate adjustments implemented by the first of the year (2018). Timeline was presented for the implementation of rate adjustments for January 1, 2018.

RC: How much of the rate increase will go toward new facilities?

JH: MUC set a threshold of having 25% of the facilities fund set aside prior to the onset of the building. In order to fund all current capital improvement projects including Priam Sub, power supply, generation, water treatment plants, new facilities, etc., rate increases are required. How much of the rate increase is designated to the building? The Commission does not designate rates to projects but instead prioritizes projects based on need and funding available.

JH: Calculations have not been individually determined. 2014 Rate study was conducted based on proposed capital improvement projects and recommended basically four (4) rate increases totaling 14%; to date, only the first increase was implemented (4%). To fund our daily operations and CIP, we need to implement the other 9%. We would draw down on our reserves (depleting funds) if we were to continue moving forward with the required WMU's capital projects.

DR: Presented cash flow equations.

JA: Why didn't we implement the rate increases earlier?

JH: This was before John's (GM Harren) time. Unsure why they weren't implemented.

CL: Commission opted not to implement the increase at that time (noting the cultural difference at that time).

MC: It appears that we not only lost out of the recommended increases but also depleted some of our reserves.

JH: Correct. We are currently contemplating a 2-year adjustment (2018 & 2019) following up with a rate study in 2019 to further address needed rate adjustments/increases.

JH: If we were to line item the IT, no electric rate adjustment would be required, only a water rate adjustment.

MC: How does the decommissioning of the plant effect the financial needs of the Utility?

JH: Power supply has a major effect and is approximately 2/3 of the required total electric budget. We are currently looking at various options to address our power supply needs (i.e. joint action agency, gas contracts, etc.). Power supply has a major effect on the bottom line of the Utility.

SM: All or nothing for installing the line item City Franchise Fee?

JH: With the Franchise Fee included (sheet info), this provides the impact on our customers of current, proposed changes for 2018 & 2019.

JM: Clarification of decommissioning, with or without keeping the Plant for capacity (substantial costs). (\$2 million savings?)

JH: Provided the explanation of required capacity for MISO and the incremental amount needed for strictly capacity. Sorting through options currently including retaining the Plant for capacity.

JM: Differential in the 15¢ @ 5 KW required to generate and provide district heating.

JH: Incremental costs for generating were presented. 15¢ for the first 5,000 megawatts; above 5,000 megawatts, 6¢ thereafter. John provided current costs charges (MISO, WAPA, WIPPI, etc.) with transmission costs over and above.

RC: What's the future of the Plant?

JH: Undecided at the present. Cost & reliability factors are the major components. Priam Sub will provide greater reliability.

RC: How does technology affect the Utility's future?

JH: Very much. Our industry is changing rapidly (2-way power flow, equitable rates for 2-way power flow, renewables, transmission changes, marketing, etc.) and becoming more and more complex.

AN: How many communities continue to generate their own power?

JH: Very few continue to generate on a daily basis.

FA: How long would it take to bring the plant back up if a disaster were to occur?

JH: Willmar Sub would provide the energy and Priam Sub will serve as a backup. Transmission lines could be the problem depending on the disaster. Plant can only provide 16-18 megawatts of the 40+ megawatts needed on the average day.

FA: Can we sell excess power?

JH: Not with our current status with MISO.

CL: Can we agree on a MOA to implement the Intergovernmental Transfer being added?

SM: Not opposed to the creation of a line item as a Franchise fee (What would happen at 4.6%, 6%, 9%?).

JH: Based on our rate study, we need to generate X amount of dollars (over a 2-year period).

SM: Is there a way to incrementally apply the fees/charges?

RC: Intergovernmental Transfer is a hidden tax and is not transparent to the payer. Proposed would indicate and provide transparency to the customers.

KS: Show what it is as the full amount, be clear and up front to our constituents.

CL: Explanation would be provided for the customers for clarity (educating the public).

ZM: Provided the Commission's Mission Statement: *"Willmar Municipal Utilities will provide safe, reliable & quality utility services at competitive rates for their customers."* Hidden tax or not, it would be more transparent to the community.

AN: Important to review how this was initiated. Refer to origin of the Intergovernmental Transfer.

MC: Presented historic background. Now the equation has been developed that it is based on each customer's actual kilowatts usage.

AN: What was the origin of the PILOT/IT? How do we explain this to the population?
BD: Back in the late 70's, PILOT was not based on any specific amount, but an agreed upon amount (not based on usage).
MC: For clarification, a formula was determined based on actual usage (kilowatts)
AN: Is this a fair amount (formula)?
JH: \$2.1 million is the cash contribution + street lighting \$800,000 + sewer billing \$180,000 = \$3 million a year. To clarify, we presently pay well above the industry norm.

CL: Anyone opposed to creating a MOA? There being no objections, it is the directive to have General Manager Harren and City Administrator Holland create an MOA.
JH: Should the MOA consist of a one, two, or three-year transition? Full year amount up front or staggered?
MC: This is not transparent.
RM: This will cause confusion. I feel it would be best to implement the full amount.

CL: Create MOA for full amount (1 year). All agreed.

4. Billing Description in Utility Bills:

All agreed to proceed with description change (from "billing charge" to "fixed cost")

5. Water Main Replacement Costs:

JH: Provided background of past inconsistencies re water main replacement costs and who is responsible for the associated charges. Clarification required for budgetary purposes. Utility Fee Charge and responsibility for water main replacement costs need to be determined.

MC: Clarifications needed for the Utility Fee.

JB: We get billed for anything over 8" mains and 25% of total with some inconsistencies.

IH: Fire hydrants charges and maintenance assignments were discussed.

SM: We need to get this figured out at Staff level. Should be followed as determined.

MC: Staff wanted Council & Commission to be made aware of it.

JH: City Administrator Holland and I will create a MOA to clarify this subject based on prior staff discussions.

6. Priam Substation: JH: Questions or comments? None presented

7. Water Treatment Plant Projects update:

JB: In keeping the Council informed, presented background information, noting this could potentially be \$20-\$40 million project (20-year cycle). WMU & City staff are working with Carollo & Donahue (engineering firms) on the project. Working well between the City, WMU and engineers to collaborate and achieve the end results as needed. Will continue to keep both entities informed as this project moves forward (MUC/Council).

JH: Discharge permit at City Waste Water Plant; now there is a new chloride standard. Process needs to be implemented per the NPDES permit.

8. Power Supply: No discussion at this time. Note: If you have any future questions, please contact General Manager Harren. He would be glad to meet and discuss any questions you may have.

9. Downtown Street Lighting:

KM: Background information re downtown street lighting along with a description of lighting fixtures was presented. Upgrades come with significant costs. Determination of who would be

responsible is needed. Want a plan in place within the next 2 years. (Currently on a six-year replacement project plan.) In approximately a year, discussions will be needed on future fixture requirements. Discussions to be continued.

10. Facility Replacement:

KM: Originally based on a 2010 Study with a goal of having a new facility by 2020; updated study was conducted in 2016. Anticipate moving forward with the project sometime in the future. Location selection is being addressed. Has been determined that it is not in the best interest to build in the current location.

In conclusion:

Commissioner Laumer recapped the meeting and established directives as agreed upon by both the City Council & MUC as follows:

1. Two MOA's will be created, shared and finalized;
2. The rest of the data/discussion was for information only and future discussions will continue as warranted;
3. General Manager Harren will always make time to further discuss any issue(s) or concerns related to the Utility and City;
4. Thank you to all for making the effort to make Willmar a better community to live & work in.
5. Thank you to the Mayor Calvin, City Administrator Holland and City Council members for their attendance and input.

Adjourned 1:58 pm



WILLMAR MUNICIPAL UTILITIES
WMU PLANNING COMMITTEE MEETING MINUTES
Friday, November 3, 2017 - 12:00 p.m.
WMU Conference Room

Present: Commissioners Justin Matter, Bruce DeBlieck and Abdirizak Mahboub, General Manager John Harren, Director of Finance Denise Runge, Customer Service Supervisor Stay Stien, Staff Electrical Engineer Jeron Smith, Information Systems Coordinator Mike Sangren, and Power Resources Analyst Michelle Marotzke

Commissioner Mattern (Chair) called the meeting to order at 12:00 p.m.

AGENDA ITEM(S):

➤ **Priam Substation Update:**

Staff Electrical Engineer Smith presented the Planning Committee with a Priam Substation project update. Smith stated that the preliminary engineering report has been completed and the project is on schedule.

Staff Electrical Engineer Smith continued by reviewing cost changes to the preliminary report are due to outside factors such as the Benson power plant closure. In addition, a 115 kv line that was on the 5-10 year plan has been moved to the 3-5 year plan. General Manager Harren asked if this will mitigate the transmission issues that have been discussed. Staff Electrical Engineer Smith replied that another study would have to be done to definitively answer that question, but it could have a positive effect on those issues. Additional discussion was had regarding the history of the 115 kv line and how it flows with the whole system.

Commissioner Mattern asked if the 115 kv line will count toward our transmission ownership. General Manager Harren answered that it will and further discussion continued regarding project cost and GRE's involvement.

Staff Electrical Engineer Smith requested authorization to enter into an agreement with DGR to complete the design and the project. He is confident in their abilities and that their costs are in line with industry standards. It was the consensus of the committee to bring this to the full commission at the next meeting (11/13).

Staff Electrical Engineer Smith departed the meeting at this time.

➤ **Annual Penetration Test:**

Information Systems Coordinator Mike Sangren discussed steps taken to increase cyber security and the reason for the test and how the data is used. He requested approval to use NetSPI. It was explained that NetSPI charges \$8,500 and identifies issues with our cyber security. While they do not provide the fixes, that cost includes a recheck once fixes have been made.

It was the consensus of the committee to bring this to the full commission at the next meeting (11/13).

*Information Systems Coordinator Mike Sangren departed the meeting at this time.
Compliance Officer and HR Administrator Janell Johnson joined the meeting at this time.*

➤ **Operations Policies updates:**

Compliance Officer and HR Administrator Johnson started by discussing the Commission Self-Evaluation. The reason for the document was explained and there was discussion regarding wording and changes to the documents. It was decided to work off of the WMU document (#1) but incorporate a few more items from the APPA document (#2). It will be brought to the Commission meeting on 11/13.

Compliance Officer and HR Administrator Johnson went into the Operating Policies and highlighted updates and changes to the following sections:

Investing policy: Director of Finance Runge presented the detail and revisions for this section. Updates were made to follow the state statute, but nothing more substantial. General Manager Harren indicated that they will provide monthly updates with financials starting soon.

Purchasing policy: Compliance Officer and HR Administrator Johnson indicated no changes other than one misspelling correction and that dates of the policy will be updated.

Emergency Plan: Compliance Officer and HR Administrator Johnson explained that this is a living document and is linked to employee rosters for automatic updating of contact info when employees change positions or leave employment.

Schedule of Charges: Compliance Officer and HR Administrator Johnson discussed revisions to the reconnection charge and a new charge regarding replacement of damaged ECR and LCR devices. In the past, ECRs had been charged to the customer if damaged, but not the LCR. Commissioner Mahboub asked about the disconnection policy and requested that the fees to reconnect be included on a disconnection notice. General Manager Harren agreed that would be appropriate and will follow up with Customer Service Supervisor Stien.

Compliance Officer and HR Administrator Johnson departed the meeting at this time.

➤ **Rate Adjustments:**

Director of Finance Runge handed out information that was presented to the City Council at a joint meeting on Tuesday, 10/31. Included is a current bill and a new bill with the proposed rate changes. The new bill will have the franchise fee separated from the rates and listed as a line item.

General Manager Harren reviewed the enclosed graphs for water and electric rates depicting Willmar's placement among other utilities.

Director of Finance Runge presented a preliminary ordinance and resolution, which was drafted by Robert Scott. Commissioner Mattern asked if that will be reviewed with the City before the public hearing on 11/13. General Manager Harren said that he is waiting for a call back from the City Manager and will review resolution and ordinance language with the City Manager. Neither will hold up the 11/13 public hearing.

General Manager Harren asked for input on what information to present at the public hearing. The information and order of information was discussed.

Action/Recommendation:

Following review and discussion, it was the consensus of the Planning Committee to concur with the outcome of Joint Council/Commission meeting and recommendation that a City Franchise Fee is implemented on the utility billing and a 5% increase in 2018 & 2019 for water. The tentative date to conduct the public hearing would be November 13th.

➤ **Miscellaneous:**

General Manager Harren brought forward a draft Memorandum of Agreement regarding the franchise fee and how it could be tracked and calculated, as well as information regarding water mains and fire hydrants. This is a starting point and General Manager Harren is working on vetting it with the City administration. Commissioner DeBlieck offered additional suggestion to the document.

Director of Finance Runge suggested using a formula similar to the EAA for the franchise fee. It was decided this would be worth exploring.

Commissioner Mahboub asked about the Mission Statement and if it was tied to documents such as policies and the WMU website. General Manager Harren will verify that this is done. Commissioner Mahboub also mentioned that the Somali translation app on the website is not correct. He is willing to work on some translating for us and will give it to Energy Services & Marketing Rep Kosbab.

➤ **Adjournment:**

There being no further discussion to come before the WMU Planning Committee, Commissioner Mattern declared the meeting adjourned at 1:30 p.m.

**WILLMAR PLANNING COMMISSION
CITY OF WILLMAR, MN
WEDNESDAY, NOVEMBER 8, 2017**

MINUTES

1. The Willmar Planning Commission met on Wednesday, November 8, 2017, at 7:00 p.m. at the Willmar Fire Hall Training Room.

**** Members Present:** Steve Gardner, Bob Poe, Rolf Standfuss, Cletus Frank, Jonathan Marchand, Jeff Kimpling, and Terry Sieck.

**** Members Absent:** Terry VanVeldhuizen, and Margaret Fleck.

**** Others Present:** Ken Behm, Fernando Alvarado, Doug Allen, Peggy Sietsema, Eric Weiberg, Andrea Carruthers, Mike Schramm, Bill Fenske, Audrey Nelsen, Lee Cafferty, Kathy Schwantes, Robert Scott- City Attorney, Ike Holland- City Administrator, Bruce Peterson- Director of Planning and Development Services, and Megan DeSchepper-Planner.

2. MINUTES: The October 18, 2017 Planning Commission Minutes were approved as presented.

3. RICE HOSPITAL LEASE AGREEMENT: City Attorney Robert Scott presented a summary of the proposed operating Lease of Rice Memorial Hospital (City Owned) and Carris Health, LLC and CentraCare Health System (see Attachment A). Mr. Scott explained that the initial term of the lease would be for 30 years with the possibility for a renewal term of another 30 years. He further explained that the role of the Planning Commission is detailed in the Charter. The Commission is advisory for land leases that exceed 3 years in length and their recommendation is limited to consistency with the Comprehensive Plan.

The Commission inquired if the other Rice Hospital owned facilities are also included in this agreement. Mike Schramm, of Rice Hospital, explained that Rice Care Center and Rice Home Medical facilities and property would also be included. He added, they don't foresee those properties changing in the near future from a land use perspective, and they cannot be sublet for a whole other use per the agreement.

The Commission asked what the goal of the agreement was and if the County and region have been included in the project as Rice is a regional medical center. Mr. Schramm said the purpose of the agreement is to enhance services, add jobs, and have a fully integrated health system. There will be public meetings that will allow for County wide input and Rice Hospital has involved a broad segment of the community in the process.

Bruce Peterson, Director of Planning and Development Services, asked if the parking lot which is east of Rice Hospital (Block 47, Original Town of Willmar) is included in the

agreement. Bill Fenske, of Rice Hospital, said yes he believed it was. Mr. Peterson asked if there could be some language added to the agreement regarding the property as it is owned either in part or all by the City and that there is a redevelopment potential for a higher and better use of the property which abuts 1st St. S. Mr. Peterson, proposed the City would assist with finding a new location for the employee parking that is provided on that property. Mr. Schramm and Mr. Fenske, agreed that could certainly be added to the agreement.

The Commission questioned if this was the first type of partnership Rice Memorial Hospital had considered entering into and if it would be similar to other Community Municipal Hospitals being bought out etc. Mr. Schramm said they've tried other partnership in the past for services or medical group expertise etc., but never at this scale or magnitude. And they are similar to other Communities in the State except that the City will have local control through the Board which will house Rice Memorial Hospital designees. And comparatively, this is the best option to keep the hospital viable with the expanding health care system, service demands, and competitive as remaining a stand-alone Municipal facility would put all of that at risk.

Chair Gardner disclosed that his employer Bennett Office Supplies does provide services to Rice Memorial Hospital.

Mr. Kimpling made a motion, seconded by Mr. Standfuss, to recommend approval of the proposed Operating Lease of the City-owned Rice Memorial Hospital between the City of Willmar, Carris Health, LLC, and CentraCare Health System with the following condition:

- A. A section be added to the agreement regarding the parking lot east of the Hospital (specifically Block 47, Original Town of Willmar) that is owned in whole or part by the City of Willmar that if redevelopment potential arises that the City will be able to sell the property with reasonable time and assistance from the City for Carris Health, LLC, to locate a new parking lot.

The motion carried.

4. With no further business to come before the Commission, the meeting adjourned at 7:56 p.m.

Respectfully submitted,



Megan M. DeSchepper, AICP
Planner/Airport Manager

MEMORANDUM

To: Chairperson Gardner and Willmar Planning Commission **VIA EMAIL ONLY**
From: Robert T. Scott
Date: November 6, 2017
Re: Proposed Operating Lease of Rice Memorial Hospital

Pursuant to your request, the following memorandum addresses the Willmar Planning Commission's (Commission) responsibility and authority to consider the proposed Operating Lease (Operating Lease) of the City-owned Rice Memorial Hospital (RMH) between the City of Willmar (City) and Carris Health, LLC (Carris) and CentraCare Health System (CCH) pursuant to Section 4.02, subdivision 8 of the Willmar Home Rule Charter (Charter), which requires leases of City-owned real property longer than three years in duration to be considered and approved by the Commission.

Introduction & Background

The Operating Lease comprises a significant part of a broader transaction between RMH, Carris, CCH, and Affiliated Community Medical Centers, P.A. This proposed transaction is the culmination of extensive consideration and negotiation by the RMH Board of Directors (RMH Board) and, more recently, the City Council. A summary of the central terms of the proposed transaction that was prepared for the City Council's November 6, 2017 work session is appended hereto for context.

The proposed transaction includes the lease of RMH to Carris and CCH for an initial term of 30 years, with the possibility for one additional 30 year renewal term, an option for Carris/CCH to purchase RMH after ten years if it pays off certain outstanding bonds and satisfies all Charter requirements for the sale of City-owned property at that time, and extensive provisions concerning Carris's operation of RMH; the assignment of assets and liabilities between the parties at the beginning and expiration or termination of the lease; the payment of rent by Carris and the guarantee of such payment by CCH; minimum service levels and capital expenditure commitments to RMH by Carris/CCH; the governance of Carris; the transition of existing RMH staff to Carris; the relationship between RMH, Carris, CCH and ACMC; and RMH Board's right oversight and enforcement rights, among other provisions.

Scope of Planning Commission Review

Given the complex nature of the proposed transaction, it is necessary to review the Commission's legal authority in order to understand the Commission's expected scope of review of the Operating Lease under Charter Section 4.02, subdivision 8.

The Commission derives its authority from both state statute and the Charter. The Municipal Planning Act, Minn. Stat. §§ 462.351—364 (MPA) authorizes cities to plan for and regulate development of land, with a particular focus on conducting planning to guide future development of land. *See* Minn. Stat. § 462.351 (“(i)t is the purpose of (the MPA) to provide municipalities, in a single body of law, with the necessary powers and a uniform procedure for adequately conducting and implementing municipal planning.”)

The MPA empowers every city in the state to (1) plan for orderly development by adopting a comprehensive land use plan; and (2) adopt official controls in the form of zoning regulations to implement the comprehensive plan. The MPA further authorizes every city to establish a planning commission to further the land use planning purposes of the MPA, which commission “shall be advisory, except as other powers and duties are imposed on it by (the MPA), by statute, by charter, or by ordinance consistent with the municipal charter.” Minn. Stat. § 462.354.

Consistent with this statutory framework, the Commission was established through the City’s adoption of Charter Section 4.02. The Charter firmly grounds the Commission’s purpose in the land use planning and zoning functions of the City. For example, the Charter charges the Commission with reviewing the City’s Comprehensive Land Use Plan and official comprehensive plan map and zoning ordinance at least annually, among other specific responsibilities. *See* Charter §§ 4.02, subs. 3 and 5.

Both the MPA and the Charter assign the Commission the role of reviewing any proposed public acquisition or disposal of real property for consistency with the City’s comprehensive plan. Minn. Stat. § 462.356, subd. 2; Charter § 4.02, subd. 8. The purpose of such requirement is to provide a review of the overall municipal development by the authority charged with the responsibility of recommending a comprehensive land-use plan for the municipality. *Lerner v. City of Minneapolis*, 169 NW 2d 380, 386—87 (Minn. 1969). The consideration of the planning commission in any such instance would, by statute, be purely advisory to the city council. *Id.* at 387. Under the MPA, the City Council is authorized to dispense with the requirement for planning commission review of a city’s proposed acquisition or disposal of real property by vote of at least two-thirds of the City Council upon finding that the proposed acquisition or disposal of real property would have no relationship to the city’s comprehensive plan. Minn. Stat. § 462.356, subd. 2

The Charter requirement to review proposed city acquisitions and disposals of public real property goes further than the MPA and requires Commission review of any *leases* of City-owned real property for more than three years, in addition to sales or other permanent disposals thereof. Charter § 4.02, subd. 8. It is pursuant to this section that the proposed RMH Operating Lease is submitted to the Commission.

In considering the Operating Lease, the Commission must be mindful of both its responsibility and the limits on its authority under the MPA and the Charter. The Charter makes clear that any powers not expressly conferred on another board, commission or officer of the City are reserved to the City Council. The Charter also confers the full control of the operation and management of RMH on the RMH Board. Consequently, it is clear from both the MPA and the Charter that

the Commission's review of the Operating Lease must be limited to reviewing the land use implications thereof; specifically, the Commission's review should be focused on the relationship of the Operating Lease to the City's comprehensive plan.

In this case, the nature of the land use of the City-owned property on which RMH operates will not change because such property will continue to be used for RMH's ongoing operations with only the entity responsible for the day-to-day operations and management of RMH changing.

Conclusion

Given the Commission's focus on the land use planning and zoning functions of the City, it would not be reasonable to expect the Commission to broadly review and second guess the RMH Board's and City Council's judgment in negotiating the specific terms in the Operating Lease concerning the operation and management of RMH, or the financial or other terms of the proposed transaction. Rather, the Commission's review under Section 4.02, subdivision 8 of the Charter must be narrowly focused on the relationship of the land use implications of the Operating Lease to the City's comprehensive plan.

Please do not hesitate to contact me at rtscott@flaherty-hood.com if you have any questions about this memorandum.

RTS

APPENDIX

WILLMAR CITY COUNCIL WORK SESSION TRANSACTION AND DOCUMENT SUMMARY – November 6, 2017

1. Overview of transaction:

- a. Operating Lease — 30 year term, with automatic renewal term of 30 years and option to purchase after 10 years
- b. Carris Member Control Agreement — local representation on Carris board, responsible for operation & management of hospital, subject to CentraCare approval of certain actions
- c. Affiliation Agreement — Defines relationship between Rice hospital board, Newco board, ACMC and CentraCare
- d. Guaranty Agreement – CentraCare guaranty of Newco's rent and financial obligations under the Lease

2. Summary of important issues/key terms:

- a. Service commitments and capital investment requirements
 - Core services done in Willmar during term of Lease
 - Recruiting for additional specialties
 - \$32 MM at hospital over 10 years
- b. Local control
 - 4 Rice designees to the Board; 2 Willmar residents
 - Co-CEOs including Rice CEO
 - Carris appointees to CentraCare Board – one Rice; one ACMC
 - Carris Board handles operations of Newco subject to CentraCare reserve powers
 - Reserve powers and Board rights cannot be changed without supermajority of Carris Board (including 3 Rice; 3 ACMC appointees)
- c. City bonds - Guaranty
 - Carris must meet all requirements of bonds
 - CentraCare has unconditional Guaranty
- d. Intergovernmental transfer payments
 - \$300,000 for 30 years even if transfer occurs earlier
 - Escalator based on tax levy

- e. Purchase option
 - After 10th year and payoff of bonds, additional 10 year service commitment and capital commitment
 - Intergovernmental transfer continues
 - Subject to public referendum at that time

- f. Hospital staff
 - All get same positions subject to application/required background checks
 - Credit for service/PTO
 - Union agreements continue
 - Employee forums have been held

- g. Charter compliance & reservation of powers to Rice Board/city
 - Comply with any requirements on transfer
 - Continue control/oversight with Rice Board including improvements
 - Rice Board Bylaws will need to be updated to reflect ongoing reporting and oversight
 - Enforcement rights/ability to enforce Lease and Operating Agreement

- h. Return of assets and treatment upon termination
 - City gets back assets and specified working capital level.
 - If City breached then City pays for book value of assets.
 - If Carris/CentraCare breached then no payment from City is due for City receiving the assets.
 - If expiration of the lease or a termination due to failure to approve an improvement, then City to pay book value for new assets/improvements with City receiving a credit based on any decrease in investment fund balance.

**WILLMAR PLANNING COMMISSION
CITY OF WILLMAR, MN
WEDNESDAY, NOVEMBER 15, 2017**

MINUTES

1. The Willmar Planning Commission met on Wednesday, November 15, 2017, at 7:00 p.m. at the Willmar City Offices Conference Room #1.

** Members Present: Steve Gardner, Rolf Standfuss, Jeff Kimpling, Bob Poe, and Jonathan Marchand.

** Members Absent: Terry Sieck, Terry Vanveldhuizen, Cletus Frank, and Margaret Fleck.

** Others Present: Megan DeSchepper- Planner.

2. MINUTES: Minutes of the November 8, 2017 special meeting were approved as presented.

3. DAHLBERG-FLADEBOE ADDITION PRELIMINARY/FINAL PLAT- FILE NO. 17-08: The public hearing opened at 7:01 p.m. Staff presented a two lot subdivision on behalf of Stacy Fladeboe on property described as follows: portions of Block 1, Erickson's Second Addition to the City of Willmar; AND Lot 9, Block 15, Erickson's Second Addition to the City of Willmar; AND Lot 11, Block 15, Erickson's Second Addition; AND portions of the vacated Second Ave. South. (See file for full legal). Staff explained that in 1998 there was a warranty deed for a land transaction between Fladeboe and Dahlberg where the money exchanged hands but the warranty deed was never recorded. This plat allows for the lot split and combination and ensures the remaining lot has access to Highway 12.

No one appeared to speak for or against the request and the public hearing closed at 7:07 p.m.

Staff comments were reviewed and discussed (see Attachment A).

The Commission talked about the private utility easements that would need to be added. Staff also added that Dennis Nesser, the land owner to the west, was concerned about the shared access with proposed Lot 1. A private shared access agreement shall be recorded concurrently with the plat to ensure both sides have perpetual access as MNDOT is unlikely to allow a second access or relocation.

Mr. Marchand made a motion, seconded by Mr. Standfuss, to approve the preliminary/final plat with the following conditions:

- A. A shared access easement shall be drafted with the adjacent land owner and recorded concurrently with the plat.
- B. Private and public utilities shall be protected by easement and reviewed by staff prior to plat signatures, and recorded concurrently with the plat.

The motion carried.

4. MIDWEST STORAGE ADDITION FINAL PLAT- FILE NO. 17-06: Staff presented the final plat on behalf of Myron Krupa for a three lot subdivision on property legally described as follows: NW ¼ Section 13, Township 119, Range 35 (1706 Hwy. 12 E). Outlot A, the private drive in the planned unit development, has been widened to 25' per the recommendation of City Engineering Staff. The 6' utility easements have been added as requested by Municipal Utilities. The private declarations/covenants for Outlot A have been submitted for staff review. And the private utility easements are being drafted.

The Commission reviewed and discussed staff comments (see Attachment A).

Mr. Poe made a motion, seconded by Mr. Standfuss, to approve the preliminary plat with the following conditions:

- A. Declarations/covenants shall be reviewed by the City prior to final plat signatures and recorded with the plat.
- B. Private utility easements shall be reviewed by the City prior to final plat signatures and recorded with the plat.

The motion carried.

5. SHOPPING CENTER DISTRICT DISCUSSION CONTINUED: Mr. Kimpling made a motion, seconded by Mr. Standfuss, to take the matter of the Shopping Center District Text Amendment off the table and open it back up for discussion.

The motion carried.

Staff provided samples from other regional center communities Zoning Ordinances commercial districts. The Commission talked about each Community being different and determined to start reviewing the City of Willmar Zoning Ordinance Shopping Center District first.

Staff created a spreadsheet listing the four commercial zoning districts and then all the permitted uses, uses that require plan review, and finally the uses that require a conditional use permit. The Commission went over each possible use in the commercial use list and determine if it should be added to the Shopping Center District. Staff will update the spreadsheet per the discussion for further review at the next meeting.

6. With no further business to come before the Commission the meeting adjourned at 8:17 p.m.

Respectfully submitted,



Megan M. DeSchepper, AICP
Planner/Airport Manager

PLANNING COMMISSION-NOVEMBER 15, 2017

STAFF COMMENTS

1. DAHLBERG-FLADEBOE PRELIMINARY/FINAL PLAT- FIEL NO. 17-08:

- The applicant is Stacy Fladeboe, Willmar, MN.
- The applicant wishes to subdivide three parcels into two lots on property described as follows: portions of Block 1, Erickson's Second Addition to the City of Willmar; AND Lot 9, Block 15, Erickson's Second Addition to the City of Willmar; AND Lot 11, Block 15, Erickson's Second Addition; AND portions of the vacated Second Ave. South. (See file for full legal).
- The properties are zoned GB (General Business).
- The subdivision/combination of lots is a means of correction from a land transaction that took place in 1998 but the warranty deed was never recorded. Mr. Fladeboe has been using portions of Block 1, Erickson's Addition for years, however it has remained in Mr. Dahlberg's name all these years.
- The City required that Lot 11, Block 15 Erickson's Second Addition be included in the plat to ensure the remaining portion of Block 1 would have access to Highway 12.
- The lots meet minimum width requirements and sq. ft. requirements.
- The two proposed lots have access via Highway 12 E.
- The access off of Highway 12 to Lot 1 is limited, as it only covers the entrance not exit onto Highway 12. The applicant shall get a shared access agreement with the property owner to the west and record it concurrently with the plat.

Department Review Comments:

Fire Chief/Marshal: I have reviewed the Dahlberg-Fladeboe Addition plat. It appears that this area meets all current fire service needs. This may change when building plans are submitted.

MUC Comments: 6' utility easements shall be added to perimeter of lots. Private water main cuts across southerly portion of proposed Lot 2, shall be covered by private easement. Electric line runs along portion of southern part of proposed Lot 2 and shall be protected by easement.

Engineering Comments: MNDOT controls access onto Trunk Highway 12. Sanitary sewer is available, storm sewer is not.

RECOMMENDATION: Approve the preliminary/final plat with the following conditions:

- A. A shared access easement shall be drafted with the adjacent land owner and recorded concurrently with the plat.
- B. Private and public utilities shall be protected by easement and reviewed by staff prior to plat signatures, and recorded concurrently with the plat.

2. MIDWEST STORAGE ADDITION- FINAL PLAT FILE NO. 17-06:

- The applicant is Myron Krupa, Willmar, MN.
- The applicant is requesting a three lot subdivision on property legally described as follows: NW ¼ Section 13, Township 119, Range 35 (1706 Hwy. 12 E).
- The access road Outlot A has been widened from the preliminary plat of 20 feet to 25 feet in width.
- The 6' perimeter utility easements have been added as requested.
- Private easements over the private utility lines are being drafted, and shall be submitted for review by the City prior to Final Plat signatures.
- The Outlot A covenants and declarations are being drafted, and shall be submitted for review by the City prior to Final Plat signatures.

RECOMMENDATION: Approve the final plat with the following conditions:

- A. Declarations/covenants shall be reviewed by the City prior to final plat signatures and recorded with the plat.
- B. Private utility easements shall be reviewed by the City prior to final plat signatures and recorded with the plat.



WILLMAR



**City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917**

CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Judy R. Thompson City Clerk	Subject: Consideration of Designating a New Polling Location

AGENDA ITEM: Consideration of Designating a New Polling Location

INTRODUCTION/REQUEST: Adopt the Resolution Designating a New Polling Location

HISTORY: Per a change in the Minnesota Statute 205A.11, Subdivision 2, regarding School District elections the State requires a combined polling place be a location designated for use as a polling place by a County or Municipality to hold Standalone election. The Willmar Public School District is requesting to become a designated polling location. The Willmar Ward 3, Precinct 3, which is currently held at the City Auditorium building, will now be held at the Willmar Education and Arts Center (WEAC) building located at 611 SW 5th Street. In accordance to Minnesota Statute 204B.16, Subdivision 1a, it is necessary to give notice to voters if the location of the polling place has changed upon the adoption of the proposed Resolution.

CURRENT CIRCUMSTANCE: Since there are some limitations and space restrictions at the City Auditorium building, designating the Willmar Education and Arts Center (WEAC) building as an official polling place for Willmar Ward 3, Precinct 3 will allow for a more efficient polling place and satisfy the new Statute requirements.

RECOMMENDATION: Adopt the Resolution Designating a New Polling Location

ISSUES: N/A

FINANCIAL IMPACT: N/A

ALTERNATIVE: The polling place for Willmar Ward 3, Precinct 3 would remain at the City Auditorium building

RECOMMENDED MOTION: Adopt the Resolution Designating a New Polling Location for Ward 3, Precinct 3

REVIEWED BY: Ike Holland, City Administrator

WORK SESSION DATE:

COUNCIL MEETING DATE: November 20, 2017 **CONSENT AGENDA** **AGENDA**

RESOLUTION NO. _____

**A RESOLUTION BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLMAR, MINNESOTA
ESTABLISHING A NEW POLLING PLACE FOR WARD 3, PRECINCT 3 IN THE CITY OF WILLMAR**

Motion By: _____ Second By: _____

WHEREAS, Precincts are the basic geographical areas for organizing and administering elections;
and;

WHEREAS, The City Council has previously established three polling locations in each of the City's
four wards; and

WHEREAS, Pursuant to Minn. Stat. § 204B.16, the City has the authority to designate polling places
by ordinance or resolution; and

WHEREAS, The City has previously used the City Auditorium building at 313 6th Street Southwest in
the City as the polling place for Ward 3, Precinct 3; and

WHEREAS, upon reviewing available facilities, City staff has recommended changing the polling
place for Ward 3, Precinct 3 to the Willmar Education and Arts Center (WEAC) building at 611 5th Street
Southwest in the City due to its superior space, parking and climate control facilities.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar that:

1. Pursuant to Minn. Stat. 204B.16, subd. 1, the polling place for Willmar Ward 3, Precinct 3 is
designated as the Willmar Education and Arts Center (WEAC) building at 611 5th Street Southwest in
the City.
2. The change in the polling place designated for Ward 3, Precinct 3 in Paragraph 1 shall be
incorporated into the list of all polling places in the City to be designated by resolution of the City
Council on or before December 31, 2017.
3. The polling place designated in this Resolution shall be used for Ward 3, Precinct 3 until such time as
the City Council designates a new polling place for said precinct, and no other location shall be used
as a polling place unless a condition listed in Minn. Stat. 204B.16, subd. 1(1) through (3) is present, or
unless otherwise allowed by law.
4. The City Clerk shall deliver notice to all households affected by this Resolution in the manner
required by Minn. Stat. § 204B.16, subd. 1a.

Adopted by the City Council of the City of Willmar on November 20, 2017.

Approved:

Mayor

Attested:

City Clerk

Willmar Community Center Board
Wednesday, October 11, 2017

(Not yet board approved)

Attending:

Board: Darlene Schroeder, Marv Kinzler, Diane Shuck, Donna Evenson, Jan Olney, Heidi Burton, Jennifer Mendoza, Lori Park-Smith, Terri Smith

City Council Liaison: Julie Asmus

Staff: Jeff Jagush, Tammy Rudningen

Absent:

Board: Doug Sweeter, Ben Larson, Mike Jahnke

Staff: Pam Vruwink, Steve Brisendine, Ryan Harper

1. **Call to order:** The meeting was called to order by Darlene Schroeder, Chair.
2. **Agenda:** The agenda was reviewed, no changes were made.
3. **Minutes:** Minutes from September 2017 meeting approved.
4. **Finance Report:** The September 2017 income and expense report was distributed via email prior to the meeting.
5. **2018 Budget:** The mayor's proposed budget has a \$31,000 increase, most of which is allocated to the salary line. There was no clarification on what is proposed in terms of staffing. The Board discussed staffing options, including the roles and responsibilities for a program coordinator, including relationships with and accountability to the Board as well as WCER.
6. **Programming and Partnerships:**

It was agreed that WCC should partner with other community groups and activities:

 - a. Partner with Willmar Area Arts Council to sponsor Zorongo Flamenco Music, Dance and Puppet Show on Sunday, November 12 at 3 pm. The puppet show addressed bullying and the issues in moving to a new country. This event was originally scheduled for WEAC, but the venue needed to be changed as WEAC was double-booked.
 - b. Partner with American Composers Forum on implementing a grant from the Bremer Trust to bring design an artist residency that will integrate music from across cultures and present one or more concerts. Other community groups participating in this project are the Unitarian Church and West Central Singers. Jennifer Mendoza, a WCC Board member will be on the artist selection committee.
 - c. Partner with 2040 to show the documentary, Warehoused, which tells the story of Dadaab refugee camp in Kenya.

- d. Partner with the Goal Five Group from 2040 focused on health and wellness and Goal 1, welcoming new people in implementing activities and projects.
- e. Partner with groups receiving funding from Blue Cross Blue Shield' idea table. WCC was not an applicant for funding, but will cooperate and support ideas and projects that are consistent with our goals.

Jennifer Mendoza reported that the focus of Saturday, Oct 21 will be a family night with Halloween theme, instead of Latin Dancing.

7. **Facility/Equipment Updates:**

- a. Light-weight tables have been ordered.
- b. Additional music stands have not arrived.
- c. Status of order of two high chairs is unknown.
- d. Storage room has been cleared out.
- e. Building security. It was noted that there have been recurrent issues with the outside door by the Sunshine Room not latching, and therefore, not locking.

8. **Marketing**

- a. **Highway signs:** Jeff reported that the high way signs are in and just need to be installed.
- b. **WCC City Webpage:** Darlene Schroeder contacted David Hillenbrand, the city employee charged with the WCC webpage and invited him to the September meeting, but had not received a response. In an email, Hillenbrand had indicated that WCC could have a calendar page and that all information would have to be submitted by employees. Julie Asmus asked if WCER has the information that could be shared electronically regarding schedules. Tammy Rudningen stated that Ryan Harper has all of the program schedule information in the reservation system on computer.
- c. **Additional signage:** The need for additional signage as people still have difficulty locating the building and also are unaware of when there are activities and WCC is open was discussed. No decisions were made.

9. **WCC Board Terms:**

The terms for board members Diane Shuck, Ben Larson and Heidi Burton end December 31, 2018. Diane Shuck is not eligible for another term. Darlene Schroeder suggested that the board look at term designations for members appointed during the past year in order to maintain a good rotation schedule. Board terms and rotation will be on the agenda in November.

10. **Staff reports and updates:** Tammy Rudningen distributed information provided by other WCER staff, including:

- a. facility use schedule;
- b. rental rates for other comparable centers;

- c. Aquatic Center rules;
- d. WCC FaceBook stats

11. The meeting adjourned.

Next meeting is November 8th, 2017 3:30 p.m.

Respectfully submitted,

Diane Shuck, Secretary

City of Willmar Monthly External Permits Report

Permit #	Issued Date	Owner and Site Address	Permit Sub-Type and Work Type	Description	Valuation	Total Permit Fee
WI027353	10/2/2017	Messenbrink/Randy 1119 6th St SE	95-230-0410 Lot 1, Block 3 Gesch Addition	Reroofing Residential Add/Alter	Residential Reroof	\$12,000.00 \$36.00
WI027458	10/2/2017	Rockstep Willmar, Llc 1605 1st St S	95-923-8640	Alteration Commercial Add/Alter	Interior tenant finish for coffee shop	\$185,000.00 \$2,257.71
WI027529	10/2/2017	Hendrickson/Andrew P 408 5th St SE	95-740-0130 Lot 3, Block 2 Spicer's Addition	Finish Basement Residential Add/Alter	Finish Basement and add 2 Egress Windows	\$4,000.00 \$132.88
WI027535	10/2/2017	Liebl/Jeffrey S & Marcie M 409 14th St SE	95-184-0420 Lot 12, Block 3 Erickson's Third Addition	Reroofing Residential Add/Alter	Residential Reroof	\$1,000.00 \$30.50
WI027538	10/2/2017	Clancy/Ron & Emily 754 19th Ave SW	95-922-7010	Alteration Residential Add/Alter	Residential Reroof & Reside	\$6,000.00 \$83.00
WI027545	10/2/2017	Mcarthur/Christian M & Jolene 923 Trott Ave SW	95-006-0270 Block 58 First Addition To The Town Of Willmar	Reroofing Residential Add/Alter	Residential Reroof	\$3,300.00 \$31.65
WI027550	10/2/2017	Swanson/Randy 2213 Gorton Ave NW	95-380-0040 Lot 4, Block 1 Hummel's Addition	Reroofing Residential Add/Alter	Residential Reroof	\$1,700.00 \$30.85
WI027554	10/2/2017	Behm/Candace/& Stephen Swenson 1208 15th St SW	95-860-0020 Lot 2, Block 1 West Park 1st Addition	Drainage system Residential Add/Alter	132' Interior Draitile & Pump	\$8,270.00 \$153.89
WI027555	10/2/2017	Boeder/Marlys 372 13th St SE	95-030-0020 Lot 2 Anderson's Addition To The City Of Willmar	Drainage system Residential Add/Alter	36' Interior Draitile & 7 wall anchors	\$6,970.00 \$128.24
WI027556	10/2/2017	Baken/John C & Mary E 708 16th St SW	95-042-0440 Block 1 Barnstad's Second Addition	Drainage system Residential Add/Alter	8 Wall Anchors	\$4,400.00 \$101.95
WI027560	10/3/2017	Affiliated Comm Med Ctrs 1223 5th St SW	95-750-0130 Sub-Div. N1/2 Of Ne1/4	Demolition Move/Raze	Remove structure from property	\$0.00 \$150.00
WI027561	10/3/2017	Lee/David W & Kathleen A 2706 9th St SW	95-686-0160 Lot 10, Block 1 Prairie View Estates	Reroofing Residential Add/Alter	Residential Reroof	\$6,250.00 \$33.13

City of Willmar Monthly External Permits Report

Permit #	Issued Date	Owner and Site Address	Permit Sub-Type and Work Type	Description	Valuation	Total Permit Fee
WI027562	10/3/2017	Evenson/Kevin 2704 9th St SW	95-686-0150 Lot 9, Block 1 Prairie View Estates	Reroofing Residential Add/Alter	Residential Reroof	\$6,250.00 \$33.13
WI027564	10/5/2017	Johns/Seth F & Kathern 1309 Ella Ave NW	95-009-0360 Block 127 Second Addition To Willmar	Reroofing Residential Add/Alter	Residential Reroof	\$6,025.00 \$33.01
WI027569	10/5/2017	J & C Enterprises Of Central 512 36th St NW	95-833-0150 Lot 5, Block 2 Valley Brook Estates	New New Single-Family Dwelling	New Residential Home and Garage	\$274,987.00 \$2,780.87
WI027573	10/9/2017	Darger/Ronald A & Lorilee 413 14th St SE	95-184-0400 Block 3 Erickson`s Third Addition	Drainage system Residential Add/Alter	Install 60' of interior drainage system	\$4,398.00 \$151.83
WI027574	10/9/2017	Slinden/John 307 Becker Ave SE	95-310-0210 Highland Addition To Willmar	Drainage system Residential Add/Alter	Install 42' of interior drainage/ install 8 wall anchors	\$7,945.00 \$209.85
WI027575	10/9/2017	RC Investments, LLC 620 9th St SE	95-222-1670 Lot 17, Block 8 Ferrings 2nd Addition	Reroofing Residential Add/Alter	Residential Reroof	\$2,000.00 \$61.00
WI027576	10/9/2017	Rosenau/Justin C & Tanya J 1500 11th St SE	95-671-0140 Lot 4, Block 2 Pleasant View Second Addition	Reroofing Residential Add/Alter	Residential Reroof	\$7,650.00 \$33.83
WI027577	10/9/2017	Habitat For Humanity -Wc Mn 2424 1st St S	95-922-7840	Alteration Commercial Add/Alter	Intstall pre- eng steel mezzanine w/ stairs	\$3,000.00 \$124.84
WI027578	10/9/2017	Gilbertson/John & Karin 1409 18th St SW	95-510-0360 Lot 14, Block 3 Molenaar`s Addition	Alteration Residential Add/Alter	Add half bath in existing construction	\$12,000.00 \$286.88
WI027580	10/10/2017	Holter/Craig A 1003 Becker Ave SE	95-880-0010 Lot 1 Wjohn`s Addition	Reroofing Residential Add/Alter	Residential Reroof	\$1,000.00 \$30.50
WI027586	10/12/2017	Freiberg/Walter(Walt) 281 23rd St SE	95-668-0010 Lot 1, Block 1 Pheasant Run	Alteration Residential Add/Alter	Replace patio door / reside	\$6,000.00 \$171.38

City of Willmar Monthly External Permits Report

Permit #	Issued Date	Owner and Site Address	Permit Sub-Type and Work Type	Description	Valuation	Total Permit Fee	
WI027588	10/12/2017	Mike & Kelly Mertens 1710 Upper Trentwood Cir NE	95-828-0130 Lot 13, Block 1 Trentwood Estates	New New Single-Family Dwelling	New Residential Home and Garage	\$292,502.00	\$2,924.63
WI027596	10/13/2017	Kennedy/John P/Iii & Krystal G 1210 Willmar Ave SE	95-923-0030	Addition Garage/Shed	20 X 30 Garage Addition	\$25,000.00	\$537.13
WI027599	10/16/2017	Lj Kruger Properteis, Llc 801 17th St SW	95-042-0400 Block 1 Barnstad's Second Addition	Reroofing Residential Add/Alter	Residential Reroof	\$4,400.00	\$32.20
WI027600	10/16/2017	Ruter/Karen J 2704 8th St SW	95-684-0320 Lot 2, Block 3 Portland Acres	Reroofing Residential Add/Alter	Residential Reroof	\$2,800.00	\$31.40
WI027601	10/17/2017	Phillips/Thomas & Rita 609 Mary Ave SE	95-810-0110 Lot 9, Block 1 Third Eastern Addition	Reroofing Residential Add/Alter	Residential Reroof	\$1,800.00	\$30.90
WI027602	10/17/2017	Madsen/Harry & Yvonne 917 13th Ave SW	95-922-7140	Reroofing Residential Add/Alter	Residential Reroof	\$1,600.00	\$30.80
WI027604	10/17/2017	AEHE, LLC 304 10th St NE	95-553-0040 Block 1 North 71 Addition	New Apartment	Construct 3- story, 35 unit apartment building	\$2,216,095.00	\$37,057.40
WI027607	10/17/2017	Koppen/Andrea M 416 2nd St SE	95-740-0750 Lot 5, Block 5 Spicer's Addition	Siding Residential Add/Alter	Residential Reside	\$1,800.00	\$50.90
WI027611	10/17/2017	Mills Property Investments,Llc 2508 Airport Dr SW	95-870-0350 Block 2 Willmar Industrial Park	Alteration Commercial Add/Alter	Minor interior remodel/ add new door	\$7,000.00	\$209.34
WI027612	10/17/2017	Bethel Lutheran Church 411 Becker Ave SW	95-003-6110 Block 50 Willmar, Town Of (Original)	Alteration Churches/Schools	Install fire rated access in bsmt boiler	\$3,200.00	\$145.56
WI027613	10/17/2017	Paul & Brook Vasilko 912 17th St SE	95-176-0040 Lot 4, Block 1 Emerald Pond	New New Single-Family Dwelling	New Residential Home and Garage	\$299,814.00	\$2,980.79
WI027614	10/18/2017	Kellen/Donald & Colleen 1312 17th St SW	95-510-0320 Block 3 Molenaar's Addition	Reroofing Residential Add/Alter	Residential Reroof	\$7,500.00	\$33.75

City of Willmar Monthly External Permits Report

Permit #	Issued Date	Owner and Site Address	Permit Sub-Type and Work Type	Description	Valuation	Total Permit Fee
WI027617	10/31/2017	Medayto Properties, Llc 523 4th St SE	95-740-1380 Block 9 Spicer's Addition	Reroofing Residential Add/Alter	Residential Reroof	\$2,100.00 \$31.05
WI027618	10/31/2017	Groen/Cameron D & Shawnda L 413 Highland Rd SW	95-320-0040 Lot 4, Block 1 Highland Place In The City Of Willmar	Install Egress Window Residential Add/Alter	Egress Window	\$500.00 \$31.75
WI027619	10/30/2017	Muldrow/Mark 723 2nd St SE	95-020-0170 Lot 10, Block 2 Fifth Addition To The Town Of Willmar	Install Egress Window Residential Add/Alter	Interior Drain Tile & Egress Window	\$500.00 \$31.75
WI027620	10/19/2017	Keven & Jay Halliday 501 15th St SE	95-184-1410 Block 9 Erickson's Third Addition	Alteration Residential Add/Alter	Interior Remodel - Add Basement Bathroom	\$200.00 \$31.60
WI027623	10/19/2017	Dana Heights Apts Ltd Pntshp 1401 Dana Dr SE	95-142-0180 Block 1 Dana Heights	Alteration Commercial Add/Alter	Replace 33 Exterior Doors	\$27,628.00 \$390.56
WI027624	10/19/2017	Dana Heights Apts Ltd Pntshp 1600 15th St SE	95-142-0270 Block 2 Dana Heights	Alteration Commercial Add/Alter	Replacing 10 Exterior Doors	\$8,372.00 \$153.94
WI027625	10/31/2017	Cds Investments, Llc 331 3rd St SW	95-003-5370 Lot 9, Block 45 Willmar, Town Of (Original)	Alteration Commercial Add/Alter	Interior Remodel	\$120,000.00 \$1,813.96
WI027626	10/20/2017	Ruiz/Eloy Zavaia 715 5th St SW	95-006-3800 Block 83 First Addition To The Town Of Willmar	Reroofing Residential Add/Alter	Residential Reroof	\$2,400.00 \$31.20
WI027627	10/30/2017	Enamorado/Eveling J Paz 709 19th St SE	95-843-0320 Lot 2, Block 4 Welshire Addition	Reroofing Residential Add/Alter	Residential Reroof	\$2,254.00 \$31.13
WI027628	10/20/2017	Willmar Redevelopment Co, Llc 1400 Lakeland Dr NE 119	95-980-6590 Lot 119 Northland Square	Mobil Home Transport Mobile Home In/Out	Move in new 16' x 76' Friendship MH # TBD	\$0.00 \$75.00
WI027629	10/20/2017	Willmar Redevelopment Co, Llc 1400 Lakeland Dr NE 116	95-980-6560 Lot 116 Northland Square	Mobil Home Transport Mobile Home In/Out	Move in new 16' x 76' Friendship MH # TBD	\$0.00 \$75.00

City of Willmar Monthly External Permits Report

Permit #	Issued Date	Owner and Site Address	Permit Sub-Type and Work Type	Description	Valuation	Total Permit Fee	
WI027643	10/24/2017	Somerville/Robert & Rachelle 1238 Ramblewood Ave SW	95-690-1250 Lot 25, Block 6 Ramblewood Addition	Drainage system Residential Add/Alter	12 Wall Anchors	\$7,375.00	\$140.94
WI027650	10/25/2017	Johnson/Rebecca J 1509 7 1/2 St SW	95-664-0530 Block 4 Perkins 4th Addition	Install Egress Window Residential Add/Alter	Install egress window	\$250.00	\$36.88

Count: 48 **Totals: \$3,605,235.00 \$54,026.48**

Year-to-Date Summary (1/1/2017 through 10/31/2017)

Count: 529 **YTD Totals: \$40,518,440.00 \$371,822.54**

WILLMAR FIRE DEPARTMENT

MONTHLY CALLS FOR SERVICE

Title	October 2017	October 2016
Alarm Activations	6	9
Cooking Fires / Burnt Food	2	5
Building Fires	1	1
Smoke Scares	1	0
Sprinkler Activation	1	0
Natural Gas Leak	3	4
Vehicle Crashes	7	8
Car Fire	1	0
Carbon Monoxide Alarms	4	2
Hazardous Material spill	1	0
Electrical Fires / Shorts	0	1
Assist Law Enforcement with search for missing child	0	1

Current Month CFS: 27

2017 YTD Calls for Service: 257

2016 Calls for service thru October: 2276

October 2017 Training:

October 5 - Business Meeting

October 10 – Storytime at the Fire Station / Open house -- Attended by over 1,100 people

October 12 – Confined Space training

October 19 – Fire Truck fall maintenance

October 26 – Officer’s meeting

Willmar Police Department

Monthly Calls for Service Statistics

Title	October 2017	October 2016
911 Hang Up	13	14
Abandoned Vehicles	63	71
Agency Assist	10	36
Alarm	39	29
Alcohol Offense	7	16
Animal	50	36
Assault	10	14
Burglary	10	6
Child Custody Dispute	7	8
Crash	81	77
Criminal Damage To Property	20	14
Disorderly	35	28
Domestic	36	35
Drugs	22	16
Family Service	58	66
Fight	17	5
Fraud	18	20
Gun Permits	8	27
Harassment	41	27
Information	9	11
K-9 Assist	0	2
Lost And Found	59	37
Mental Issues	11	9
Missing Person	26	17
Motorists Assist	15	8
Neighborhood Disturbance	19	28
Public Assist	185	214
Sex Crimes	4	5
Sudden Death/Bodies Found	1	3
Suicidal Person	12	6
Suspicious	88	88
Theft	75	50
Traffic Complaint	57	56
Traffic Stop	434	395
Trespass	7	6
Warrant Service	36	

Current Month CFS:

1726

YTD Calls for Service:

15237

2016 Month CFS:

1594

(Some minimal CFS categories not shown)

Vendor Payments History Report
INCLUDES ONLY POSTED TRANS

VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
AFFILIATED MED CENTERS			000028											
	50843	11/14/17	FLU SHOT ADMINISTRATION	306.00		4911012/10-17		D	N				SAFETY PROGRAM	101.42428.0817
ALPHA TRAINING & TACTICS			003136											
	50844	11/14/17	BODY ARMOR	909.78		2017166		D	N				SUBSISTENCE OF P	101.42411.0227
AMERICAN ENGINEERING TES			002525											
	50845	11/14/17	RICE PARK SOIL TESTING	292.50		1300742		D	N				OTHER IMPROVEMEN	450.45438.0554
AMERICAN WELDING & GAS I			000057											
	50846	11/14/17	FIRE EXTINGUISHER	115.00		05117870		D	N				SMALL TOOLS	101.42412.0221
	50846	11/14/17	FIRE EXTINGUISHER	71.50		05121762		D	N				SMALL TOOLS	101.42412.0221
	50846	11/14/17	FIRE EXT. BRACKET	73.00		05127263		D	N				SMALL TOOLS	101.42412.0221
			VENDOR TOTAL	259.50		*CHECK TOTAL								
				259.50										
AMERIPRIDE LINEN & APPAR			000051											
	50847	11/14/17	TOWEL SERVICE	42.76		2200966823		D	N				CLEANING AND WAS	101.43425.0338
	50847	11/14/17	TOWEL SERVICE	42.20		2200971967		D	N				CLEANING AND WAS	101.43425.0338
	50847	11/14/17	TOWEL SERVICE	58.65		2200977298		D	N				CLEANING AND WAS	101.43425.0338
			VENDOR TOTAL	143.61		*CHECK TOTAL								
				143.61										
ANDERSON/MICHAEL			001828											
	50848	11/14/17	TZD CONFERENCE	400.08		102717		D	N				TRAVEL-CONF.-SCH	101.42411.0333
ASD INSURANCE\THE AWES A			000085											
	50849	11/14/17	2018 DISABILITY POLICY	1,596.83		110102		D	N				PREPAID EXPENSES	101.128000
	50849	11/14/17	2017 DISABILITY POLICY	145.17		110102		D	N				INSURANCES AND B	101.42412.0441
			VENDOR TOTAL	1,742.00		*CHECK TOTAL								
				1,742.00										
ASTECH CORPORATION			000863											
	50850	11/14/17	SEAL COATING	22,808.00		17-456		D	N				MTCE. OF OTHER I	101.43425.0336
BACKES TECHNOLOGY SERVIC			000087											
	50851	11/14/17	REPL. FAX AUTO SWITCH	150.00		16360		D	N				MTCE. OF STRUCTU	101.41408.0225
	50851	11/14/17	REPL. FAX AUTO SWITCH	50.00		16360		D	N				MTCE. OF STRUCTU	101.41408.0335
			VENDOR TOTAL	200.00		*CHECK TOTAL								
				200.00										
BATTERY WHOLESALE INC			002860											
	50852	11/14/17	BATTERY	98.51		73551WIL		D	N				INVENTORIES-MDSE	101.125000
BENNETT OFFICE TECHNOLOG			000099											
	50853	11/14/17	BLACK TONER	239.00		265873		D	N				OFFICE SUPPLIES	208.45005.0220
BERNICK'S PEPSI-COLA CO			000103											
	50854	11/14/17	CONCESSION SUPPLIES	141.25		208453		D	N				GENERAL SUPPLIES	101.45437.0229

Vendor Payments History Report
INCLUDES ONLY POSTED TRANS

VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
CORVAL CONSTRUCTORS			003118											
			VENDOR TOTAL	13,326.59										
CREEKSIDES SOILS			003350											
50870	11/14/17	COMPOST SITE CLEANUP		3,700.00		50646		D	N				MTCE. OF OTHER I	101.43425.0336
CROW CHEMICAL & LIGHTING			000186											
50871	11/14/17	CLEANING SUPPLIES		36.30		10002		D	N				CLEANING AND WAS	101.43425.0228
50871	11/14/17	CLEANING SUPPLIES		110.39		10004		D	N				CLEANING AND WAS	101.43425.0228
50871	11/14/17	DISPOSABLE GLOVES		8.45		10004		D	N				GENERAL SUPPLIES	101.43425.0229
50871	11/14/17	HAND TOWELS		86.95		9894		D	N				GENERAL SUPPLIES	651.48484.0229
50871	11/14/17	PAPER TOWELS		43.50		9907		D	N				GENERAL SUPPLIES	651.48484.0229
50871	11/14/17	WIPES/CLEANING SUPPLIES		103.30		9995		D	N				CLEANING AND WAS	101.43425.0228
			VENDOR TOTAL	388.89										
				388.89										
													*CHECK TOTAL	
DEPT OF HUMAN SERVICES			000009											
50872	11/14/17	CLEANING SERVICES-SEP		1,500.00		00000442063		D	N				CLEANING AND WAS	101.45433.0338
50872	11/14/17	CLEANING SERVICES-SEP		60.00		00000442065		D	N				CLEANING AND WAS	101.45435.0338
			VENDOR TOTAL	1,560.00										
				1,560.00										
													*CHECK TOTAL	
DEPT OF HUMAN SERVICES			002914											
50873	11/14/17	ECPN PAYMENT-DEC		3,828.02		00000442891		D	N				OTHER CHARGES	101.41428.0449
DOOLEY'S PETROLEUM INC			000212											
50841	11/13/17	408.9 GALLONS DIESEL		1,137.56		WW23151C		D	N				MOTOR FUELS AND	651.48486.0222
50841	11/13/17	149.8 GALLONS UNLEADED		393.97		WW523156C		D	N				MOTOR FUELS AND	651.48486.0222
50841	11/13/17	3,000 GALLONS DIESEL		6,896.86		296743		D	N				INVENTORIES-MDSE	101.125000
50841	11/13/17	5,010 GALLONS UNLEADE		11,788.74		296743		D	N				INVENTORIES-MDSE	101.125000
			VENDOR TOTAL	20,217.13										
				20,217.13										
													*CHECK TOTAL	
DUININCK CONCRETE			000151											
50874	11/14/17	CONCRETE FOR SIDEWALKS		278.87		87236		D	N				MTCE. OF OTHER I	101.43425.0226
DUININCK CONCRETE CONST			003245											
50875	11/14/17	SIDEWALK TRUNCATED DOME		382.80		1710-614244		D	N				MTCE. OF OTHER I	101.43425.0226
50875	11/14/17	SIDEWALK TRUNCATED DOME		127.60CR		1710-614327		D	N				MTCE. OF OTHER I	101.43425.0226
			VENDOR TOTAL	255.20										
				255.20										
													*CHECK TOTAL	
DUININCK INC			000222											
50876	11/14/17	STREET RECONSTRUCTIO		411,207.93		1701-B/EST.3		D	N				MTCE. OF OTHER I	497.48451.0336
50876	11/14/17	TACK OIL-STREET PATCHING		175.00		529384		D	N				GENERAL SUPPLIES	101.43425.0229
			VENDOR TOTAL	411,382.93										
				411,382.93										
													*CHECK TOTAL	

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DVS RENEWAL			003336											
	50839	11/03/17	#104928-LICENSE TABS	11.00		110117		D	N				LICENSES AND TAX	101.42411.0445
	50839	11/03/17	#090639-LICENSE TABS	22.00		110117		D	N				LICENSES AND TAX	101.42411.0445
			VENDOR TOTAL	33.00										
				33.00	*CHECK	TOTAL								
ED'S SERVICE CENTER & SA			000231											
	50877	11/14/17	TOWING CHARGES-OCT	680.00		STMT/10-17		D	N				OTHER SERVICES	101.42411.0339
ELECTRIC PUMP INC			000788											
	50878	11/14/17	L.S. PUMP WEAR RINGS	568.49		0061482		D	N				MTCE. OF EQUIPME	651.48485.0224
EMD MILLIPORE CORPORATIO			000464											
	50879	11/14/17	LAB SUPPLIES	251.91		8230267		D	N				GENERAL SUPPLIES	651.48484.0229
EPIC SOLUTIONS			.02733											
	50880	11/14/17	SIDEWALK GRINDER	3,157.35		5480		D	N				SMALL TOOLS	101.43425.0221
ERIC'S AVIATION SERVICES			002998											
	50881	11/14/17	ON SITE MGMT SERV-OCT	6,622.00		STMT/10-17		D	N				PROFESSIONAL SER	230.43430.0446
ERICKSON/SCOTT			002176											
	50882	11/14/17	DRONE CERTIF. TEST	150.00		101817		D	N				TRAVEL-CONF.-SCH	101.42411.0333
ETTERMAN ENTERPRISES			001567											
	50883	11/14/17	DRILL BITS	50.00		261384		D	M	07			SMALL TOOLS	651.48484.0221
	50883	11/14/17	SUPPLIES	385.19		261384		D	M	07			GENERAL SUPPLIES	651.48484.0229
	50883	11/14/17	DRILL BITS	269.65		261515		D	M	07			SMALL TOOLS	651.48484.0221
	50883	11/14/17	SUPPLIES	156.19		261515		D	M	07			GENERAL SUPPLIES	651.48484.0229
	50883	11/14/17	DRILL BITS	191.55		261516		D	M	07			SMALL TOOLS	651.48484.0221
	50883	11/14/17	SUPPLIES	248.91		261516		D	M	07			GENERAL SUPPLIES	651.48484.0229
	50883	11/14/17	AIR HOSE/SUPPLIES	245.71		261714		D	M	07			GENERAL SUPPLIES	651.48485.0229
	50883	11/14/17	CABLE LUBE	78.96		261960		D	M	07			MOTOR FUELS AND	651.48484.0222
	50883	11/14/17	CHAIN	46.95		261960		D	M	07			GENERAL SUPPLIES	651.48484.0229
	50883	11/14/17	ELECTRICAL TAPE	55.00		262551		D	M	07			GENERAL SUPPLIES	651.48484.0229
	50883	11/14/17	LED LANTERN	178.86		262551		D	M	07			SMALL TOOLS	651.48485.0221
	50883	11/14/17	LIFTING STRAP	399.40		262781		D	M	07			SMALL TOOLS	651.48484.0221
			VENDOR TOTAL	2,306.37										
				2,306.37	*CHECK	TOTAL								
FAMILY PRACTICE MED CENT			000245											
	50884	11/14/17	DRUG TESTING	180.00		45/11-17		D	N				SUBSISTENCE OF P	101.43425.0337
FARNAM'S GENUINE PARTS			000249											
	50885	11/14/17	BATTERY FILLER	27.28		778006		D	N				GENERAL SUPPLIES	651.48484.0229
FAT FREDDY'S MUSIC			002342											
	50886	11/14/17	SOUND SYSTEM SPKR WIRE	60.00		110117		D	N				MTCE. OF EQUIPME	101.45433.0224

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FELT/JAMES E			000993											
	50887	11/14/17	LEMA MTG-ST PAUL	24.75		092917		D	N				MOTOR FUELS AND	101.42411.0222
	50887	11/14/17	LEMA MTG-BLOOMINGTON	16.70		092917		D	N				MOTOR FUELS AND	101.42411.0222
	50887	11/14/17	TZD CONFERENCE	42.40		102717		D	N				TRAVEL-CONF.-SCH	101.42411.0333
				83.85										
			VENDOR TOTAL	83.85										
						*CHECK TOTAL								
FISCHER/BETH			002484											
	50888	11/14/17	CELL PHONE-OCT	50.00		111317		D	M	07			COMMUNICATIONS	208.45005.0330
	50888	11/14/17	CELL PHONE-NOV	50.00		111317		D	M	07			COMMUNICATIONS	208.45005.0330
	50888	11/14/17	MILEAGE 9/26-11/10/17	684.27		111317		D	M	07			TRAVEL-CONF.-SCH	208.45005.0333
				784.27										
			VENDOR TOTAL	784.27										
						*CHECK TOTAL								
FIVE-STAR PUMPING			000234											
	50889	11/14/17	BIOSOLIDS LAND APPLIC.	5,032.95		3716		D	N				OTHER SERVICES	651.48486.0339
	50889	11/14/17	BIOSOLIDS LAND APPLIC.	5,119.73		3717		D	N				OTHER SERVICES	651.48486.0339
				10,152.68										
			VENDOR TOTAL	10,152.68										
						*CHECK TOTAL								
FLAHERTY & HOOD P.A.			001449											
	50890	11/14/17	LEGAL SERVICES-OCT	11,255.49		10696		D	M	07			PROFESSIONAL SER	101.41406.0446
	50890	11/14/17	LEGAL SERVICES-OCT	6,569.39		10696		D	M	07			PROFESSIONAL SER	350.47400.0446
				17,824.88										
			VENDOR TOTAL	17,824.88										
						*CHECK TOTAL								
FLEXIBLE PIPE TOOL CO			000273											
	50891	11/14/17	FLUSHER TRUCK PARTS	175.05		21777		D	N				MTCE. OF EQUIPME	651.48486.0224
FORUM COMMUNICATIONS COM			002269											
	50892	11/14/17	REQ. TO SUBDIVIDE PRPTY	68.25		C-03008701		D	N				PRINTING AND PUB	101.41402.0331
FRANCOTYP-POSTALIA INC			001791											
	50893	11/14/17	INKJET CARTRIDGE	124.81		RI103430192		D	N				OFFICE SUPPLIES	101.42411.0220
GENERAL MAILING SERVICES			000293											
	50894	11/14/17	POSTAGE 10/09-10/13/17	1.18		36473		D	N				POSTAGE	101.41400.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	0.59		36473		D	N				POSTAGE	101.41401.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	36.02		36473		D	N				POSTAGE	101.41402.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	0.59		36473		D	N				POSTAGE	101.41403.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	5.31		36473		D	N				POSTAGE	101.41405.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	15.00		36473		D	N				POSTAGE	101.41408.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	3.47		36473		D	N				POSTAGE	101.42411.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	7.67		36473		D	N				POSTAGE	101.42412.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	7.29		36473		D	N				POSTAGE	101.43417.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	12.66		36473		D	N				POSTAGE	101.43425.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	1.18		36473		D	N				POSTAGE	101.45001.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	0.59		36473		D	N				POSTAGE	101.45432.0223
	50894	11/14/17	POSTAGE 10/09-10/13/17	7.67		36473		D	N				POSTAGE	208.45005.0223

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IBM CORPORATION			001638											
	50904	11/14/17	2018 MAAS 360 LICENSES	200.00		6809004285		D	N				PREPAID EXPENSES	101.128000
	50904	11/14/17	2017 MAAS 360 LICENSES	40.00		6809004285		D	N				LICENSES AND TAX	101.41409.0445
			VENDOR TOTAL	240.00		*CHECK TOTAL								
ICMA			000346											
	50905	11/14/17	2018 MEMBERSHIP DUES	520.00		111317		D	N				PREPAID EXPENSES	101.128000
	50905	11/14/17	2017 MEMBERSHIP DUES	520.00		111317		D	N				SUBSCRIPTIONS AN	101.41400.0443
			VENDOR TOTAL	1,040.00		*CHECK TOTAL								
INTERSTATE POWER SYSTEMS			001699											
	50906	11/14/17	BLOWER MOTOR PARTS	295.71	CR	1708592	RI	D	N				MTCE. OF EQUIPME	651.48484.0224
	50906	11/14/17	GRAVITY BELT PARTS	2,005.91		1710782	RI	D	N				MTCE. OF EQUIPME	651.48485.0224
	50906	11/14/17	BLOWER MOTOR PARTS	178.21		1710783	RI	D	N				MTCE. OF EQUIPME	651.48484.0224
			VENDOR TOTAL	1,888.41		*CHECK TOTAL								
JESSE TREBIL FOUNDATIONS			.00755											
	50907	11/14/17	BLDG PERMIT REF. #27542	74.81		110217		D	N				REFUNDS AND REIM	101.41428.0882
	50907	11/14/17	BLDG PERMIT REF. #27536	36.37		110717		D	N				REFUNDS AND REIM	101.41428.0882
			VENDOR TOTAL	111.18		*CHECK TOTAL								
JOHANNECK WTR CONDITIONI			003355											
	50908	11/14/17	COOLER RENTAL	2.14		CR1710-3-001		D	N				RENTS	101.41408.0440
	50908	11/14/17	COOLER RENTAL	52.28		35559		D	N				RENTS	101.41408.0440
	50908	11/14/17	DRINKING WATER	12.00		35582		D	N				SUBSISTENCE OF P	101.41408.0227
	50908	11/14/17	DRINKING WATER	24.00		35836		D	N				SUBSISTENCE OF P	101.41408.0227
			VENDOR TOTAL	90.42		*CHECK TOTAL								
KANDIYOHI CO RECORDER'S			000382											
	50909	11/14/17	RECORDING FEES	46.00		646137		D	N				PROFESSIONAL SER	101.41403.0446
	50909	11/14/17	RECORDING FEES	46.00		646284		D	N				PROFESSIONAL SER	101.41401.0446
			VENDOR TOTAL	92.00		*CHECK TOTAL								
KING'S ELECTRIC LLC			003138											
	50910	11/14/17	INST. OUTLET FOR CC SYS.	18.74		609		D	M	07			MTCE. OF STRUCTU	230.43430.0225
	50910	11/14/17	INST. OUTLET FOR CC SYS.	165.00		609		D	M	07			MTCE. OF STRUCTU	230.43430.0335
	50910	11/14/17	SOUND SYS. ELEC OUTLETS	497.95		610		D	M	07			PREPAID EXPENSES	450.128000
	50910	11/14/17	SOUND SYS. POWER HOOKS	277.00		619		D	M	07			PREPAID EXPENSES	450.128000
			VENDOR TOTAL	958.69		*CHECK TOTAL								
KRISS PREMIUM PRODUCTS I			002122											
	50911	11/14/17	COOLING TOWER TREATMEN	1,193.08		153329		D	N				GENERAL SUPPLIES	101.45433.0229

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MADISON NATIONAL LIFE			003237											
	50916	11/14/17	LIFE INSURANCE-NOV	10.35		M316		D	N				EMPLOYER INSUR.	101.45432.0114
	50916	11/14/17	LIFE INSURANCE-NOV	31.05		M316		D	N				EMPLOYER INSUR.	101.45433.0114
	50916	11/14/17	LIFE INSURANCE-NOV	6.21		M316		D	N				EMPLOYER INSUR.	101.45435.0114
	50916	11/14/17	LIFE INSURANCE-NOV	5.18		M316		D	N				EMPLOYER INSUR.	101.45437.0114
	50916	11/14/17	LIFE INSURANCE-NOV	84.87		M316		D	N				EMPLOYER INSUR.	651.48484.0114
	50916	11/14/17	LIFE INSURANCE-NOV	10.35		M316		D	N				EMPLOYER INSUR.	651.48485.0114
	50916	11/14/17	LIFE INSURANCE-NOV	10.35		M316		D	N				EMPLOYER INSUR.	651.48486.0114
			VENDOR TOTAL	2,488.83		*CHECK TOTAL								
				2,488.83										
MENARDS			000449											
	50917	11/14/17	COAT HOOK	2.97		40651		D	N				GENERAL SUPPLIES	101.41408.0229
	50917	11/14/17	TRI-FOLD SAW W/BLADE	19.96		41773		D	N				SMALL TOOLS	101.45433.0221
	50917	11/14/17	ELEC PARTS FOR BLDG	18.47		41773		D	N				MTCE. OF STRUCTU	101.45433.0225
	50917	11/14/17	GAS TREATMENT	27.98		41773		D	N				GENERAL SUPPLIES	101.45433.0229
	50917	11/14/17	SCREWDRIVERS/SOCKET SETS	53.83		41942		D	N				SMALL TOOLS	101.43425.0221
	50917	11/14/17	IRRIGATION PIPE	38.74		42041		D	N				MTCE. OF OTHER I	101.43425.0226
	50917	11/14/17	SINK REPAIR-PARTS	0.66		42046		D	N				MTCE. OF STRUCTU	101.42412.0225
	50917	11/14/17	PAINT	26.87		42109		D	N				MTCE. OF STRUCTU	101.45433.0225
	50917	11/14/17	PAINTING SUPPLIES	57.83		42109		D	N				GENERAL SUPPLIES	101.45433.0229
	50917	11/14/17	SINK REPAIR-PARTS	3.98		42116		D	N				MTCE. OF STRUCTU	101.42412.0225
	50917	11/14/17	CLEANER FOR TACK TRLR	34.44		42185		D	N				CLEANING AND WAS	101.43425.0228
	50917	11/14/17	SPACE HEATER	16.89		42365		D	N				SMALL TOOLS	101.41408.0221
	50917	11/14/17	ICE MELT	20.78		42392		D	N				GENERAL SUPPLIES	101.45435.0229
	50917	11/14/17	SMOKE ALARM	24.99		42451		D	N				SMALL TOOLS	101.45435.0221
	50917	11/14/17	MAT'L FOR LOCKER ROOMS	292.39		42462		D	N				MTCE. OF STRUCTU	101.45433.0225
	50917	11/14/17	TOOL BOX FOR LOG CHAIN	59.94		42520		D	N				SMALL TOOLS	651.48486.0221
	50917	11/14/17	DRILL BITS/SPRAYER	23.30		42520		D	N				SMALL TOOLS	651.48486.0221
	50917	11/14/17	WIPER BLADES	22.98		42520		D	N				MTCE. OF EQUIPME	651.48486.0224
	50917	11/14/17	DAMP RID/DISH SOAP/SUPL.	18.42		42520		D	N				GENERAL SUPPLIES	651.48486.0229
	50917	11/14/17	CHRISTMAS LIGHTS	42.14		42564		D	N				GENERAL SUPPLIES	101.43425.0229
			VENDOR TOTAL	807.56		*CHECK TOTAL								
				807.56										
METRO CHIEF FIRE OFFICER			002114											
	50918	11/14/17	HANSON-2018 MBRSH P DUES	100.00		110117		D	N				PREPAID EXPENSES	101.128000
MID STATES AUDIO INC			003349											
	50919	11/14/17	20 AMP SEQUENCER	545.00		29088		D	N				PREPAID EXPENSES	450.128000
MIKE'S SMALL ENGINE CENT			002699											
	50920	11/14/17	STIHL CUTSAW	1,259.95		11549		D	N				SMALL TOOLS	101.43425.0221
	50920	11/14/17	CHAIN SAW PARTS	3.95		8714		D	N				MTCE. OF EQUIPME	101.43425.0224
			VENDOR TOTAL	1,263.90		*CHECK TOTAL								
				1,263.90										
MILLER SANITATION			002936											
	50921	11/14/17	GARBAGE SERVICE-NOV	154.50		1298/11-17		D	N				CLEANING AND WAS	101.45433.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	56.40		1298/11-17		D	N				CLEANING AND WAS	101.45433.0338

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MILLER SANITATION				002936											
	50921	11/14/17	GARBAGE SERVICE-NOV	52.70			1300/11-17		D	N				CLEANING AND WAS	101.42412.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	64.74			1301/11-17		D	N				CLEANING AND WAS	101.41408.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	64.74			1301/11-17		D	N				CLEANING AND WAS	101.45427.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	251.31			1302/11-17		D	N				CLEANING AND WAS	101.43425.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	24.35			1303/11-17		D	N				CLEANING AND WAS	651.48484.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	48.67			1304/11-17		D	N				CLEANING AND WAS	651.48484.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	161.04			1304/11-17		D	N				CLEANING AND WAS	651.48484.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	49.68			1305/11-17		D	N				CLEANING AND WAS	101.45435.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	28.00			1305/11-17		D	N				CLEANING AND WAS	101.45435.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	46.15			1306/11-17		D	N				CLEANING AND WAS	101.43425.0338
	50921	11/14/17	GARBAGE SERVICE-NOV	58.64			1378/11-17		D	N				CLEANING AND WAS	101.43425.0338
				1,060.92											
			VENDOR TOTAL	1,060.92											
															*CHECK TOTAL
MINER/DIANE				.02732											
	50922	11/14/17	SIGN DEPOSIT REF 2017-25	100.00			2017-25		D	N				DEPOSITS-SIGN PE	101.230001
MINI BIFF LLC				001805											
	50923	11/14/17	CREDIT FOR DBL PAYMENT	77.52CR			A-91603		D	N				RENTS	101.43425.0440
	50923	11/14/17	TOILET RENTALS-OCT	45.01			A-92420		D	N				RENTS	101.43425.0440
	50923	11/14/17	TOILET RENTALS-OCT	40.00			A-92422		D	N				RENTS	101.43425.0440
	50923	11/14/17	TOILET RENTALS-OCT	50.01			A-92423		D	N				RENTS	101.43425.0440
	50923	11/14/17	TOILET RENTALS-OCT	45.01			A-92426		D	N				RENTS	101.43425.0440
	50923	11/14/17	TOILET RENTALS-OCT	32.51			A-92461		D	N				RENTS	101.43425.0440
				135.02											
			VENDOR TOTAL	135.02											
															*CHECK TOTAL
MN DEPT OF LABOR & INDUS				002857											
	50924	11/14/17	BOILER LICENSE	30.00			ABR0172315I		D	N				LICENSES AND TAX	101.43425.0445
MN DEPT OF TRANSPORTATIO				000497											
	50925	11/14/17	MATERIAL SAMPLE TESTS	317.20			P00008526		D	N				OTHER SERVICES	497.48452.0339
	50925	11/14/17	MATERIAL SAMPLE TESTS	317.20			P00008526		D	N				OTHER SERVICES	497.48453.0339
				634.40											
			VENDOR TOTAL	634.40											
															*CHECK TOTAL
MN POLLUTION CONTROL AGE				001064											
	50926	11/14/17	REVIEW ENV. REPORT	1,375.00			10000038268		D	N				PROFESSIONAL SER	205.41001.0446
MOSS & BARNETT				001655											
	50927	11/14/17	CATV LEGAL SERV-OCT	1,632.00			676813		D	M	07			PROFESSIONAL SER	101.41406.0446
MUNICIPAL UTILITIES				000541											
	50928	11/14/17	UTILITIES FOR OCT	3,088.96			10/17		D	N				UTILITIES	101.41408.0332
	50928	11/14/17	UTILITIES FOR OCT	2,598.50			10/17		D	N				UTILITIES	101.43425.0332
	50928	11/14/17	UTILITIES FOR OCT	407.60			10/17		D	N				UTILITIES	101.45001.0332
	50928	11/14/17	UTILITIES FOR OCT	1,682.31			10/17		D	N				UTILITIES	101.45427.0332
	50928	11/14/17	UTILITIES FOR OCT	15,925.48			10/17		D	N				UTILITIES	101.45433.0332
	50928	11/14/17	UTILITIES FOR OCT	950.21			10/17		D	N				UTILITIES	101.45435.0332

Vendor Payments History Report
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VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
MUNICIPAL UTILITIES 000541														
	50928	11/14/17	UTILITIES FOR OCT	446.03		10/17		D	N				UTILITIES	101.45437.0332
	50928	11/14/17	UTILITIES FOR OCT	109.24		10/17		D	N				UTILITIES	230.43430.0332
	50928	11/14/17	UTILITIES FOR OCT	757.70		10/17		D	N				UTILITIES	651.48484.0332
	50928	11/14/17	UTILITIES FOR OCT	2,060.73		10/17		D	N				UTILITIES	651.48485.0332
	50928	11/14/17	UTILITIES FOR NOV	170.16		11/17		D	N				UTILITIES	101.43425.0332
	50928	11/14/17	UTILITIES FOR NOV	3,326.00		11/17		D	N				UTILITIES	651.48485.0332
			VENDOR TOTAL	31,522.92		*CHECK TOTAL								
MUNICIPAL UTILITIES 002393														
	50929	11/14/17	COMM. GARDEN BULK WATER	107.29		552		D	N				GENERAL SUPPLIES	101.45435.0229
MVTL LABORATORIES INC 000544														
	50930	11/14/17	LAB TESTING	45.00		890531		D	N				PROFESSIONAL SER	651.48484.0446
	50930	11/14/17	LAB TESTING	45.00		891291		D	N				PROFESSIONAL SER	651.48484.0446
			VENDOR TOTAL	90.00		*CHECK TOTAL								
NCL OF WISCONSIN INC 001627														
	50931	11/14/17	LAB SUPPLIES	772.26		397526		D	N				GENERAL SUPPLIES	651.48484.0229
NELSON INTERNATIONAL 000568														
	50932	11/14/17	#088960 REPAIR-PARTS	919.92		R101009530:01		D	N				MTCE. OF EQUIPME	101.43425.0224
	50932	11/14/17	#088960 REPAIR-LABOR	1,958.25		R101009530:01		D	N				MTCE. OF EQUIPME	101.43425.0334
	50932	11/14/17	FUEL TANK STRAP	195.12		X101028246:03		D	N				MTCE. OF EQUIPME	101.43425.0224
	50932	11/14/17	FUEL TANK STRAP-RETURN	184.52CR		X101028640:01		D	N				MTCE. OF EQUIPME	101.43425.0224
	50932	11/14/17	FUEL TANK STRAP-RETURN	184.52CR		X101028641:01		D	N				MTCE. OF EQUIPME	101.43425.0224
	50932	11/14/17	#151914-FAN HUB	594.56		X101029454:01		D	N				MTCE. OF EQUIPME	101.43425.0224
	50932	11/14/17	BRAKE PARTS	1,485.60		X101030550:01		D	N				INVENTORIES-MDSE	101.125000
	50932	11/14/17	FILTER	28.37		X101030689:01		D	N				INVENTORIES-MDSE	101.125000
	50932	11/14/17	CORE RETURN	1,000.00CR		X101030972:01		D	N				INVENTORIES-MDSE	101.125000
			VENDOR TOTAL	3,812.78		*CHECK TOTAL								
NORTHERN BUSINESS PRODUC 002322														
	50933	11/14/17	NAME BADGE SUPPLIES	99.95		223455-0		D	N				OTHER CHARGES	208.45008.0449
	50933	11/14/17	OFFICE SUPPLIES	145.66		224322-0		D	N				OFFICE SUPPLIES	101.42411.0220
	50933	11/14/17	OFFICE SUPPLIES	102.17		224418-0		D	N				OFFICE SUPPLIES	651.48484.0220
	50933	11/14/17	OFFICE SUPPLIES	99.96		224432-0		D	N				OFFICE SUPPLIES	101.41410.0220
	50933	11/14/17	OFFICE SUPPLIES	8.07		224432-1		D	N				OFFICE SUPPLIES	101.41410.0220
	50933	11/14/17	DESK CALENDARS	8.97		226404-0		D	N				OFFICE SUPPLIES	101.42412.0220
	50933	11/14/17	PRINTER STAND/TABLE	79.79		229758-0		D	N				SMALL TOOLS	101.41409.0221
			VENDOR TOTAL	544.57		*CHECK TOTAL								
NORTHERN STATES SUPPLY 000585														
	50934	11/14/17	MEASURING TAPE	44.83		10-554703		D	N				SMALL TOOLS	101.45435.0221
	50934	11/14/17	DRILL BIT SET/TOOLS	114.56		10-554703		D	N				SMALL TOOLS	101.45435.0221

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INCLUDES ONLY POSTED TRANS

VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
SHERWIN WILLIAMS CO			000690											
	50951	11/14/17	PARKING LOT PAINT	578.50		5310-1		D	N				MTCE. OF OTHER I	101.45433.0226
	50951	11/14/17	TRAFFIC PAINT	115.70		5370-5		D	N				GENERAL SUPPLIES	101.43425.0229
	50951	11/14/17	TRAFFIC PAINT	178.00		5452-1		D	N				GENERAL SUPPLIES	101.43425.0229
	50951	11/14/17	TRAFFIC PAINT	231.40		5556-9		D	N				GENERAL SUPPLIES	101.43425.0229
	50951	11/14/17	PAINT FOR ELEVATOR	109.00		8262-1		D	N				MTCE. OF STRUCTU	101.41408.0225
	50951	11/14/17	PAINTING SUPPLIES	46.51		8262-1		D	N				GENERAL SUPPLIES	101.41408.0229
	50951	11/14/17	TRAFFIC PAINT	247.43		8442-9		D	N				GENERAL SUPPLIES	101.43425.0229
			VENDOR TOTAL	1,506.54		*CHECK TOTAL								
				1,506.54										
SOMALI MUSEUM OF MINNESO			003354											
	50952	11/14/17	SOMALI WEAVING CLASSES	2,500.00		110217		D	N				PROFESSIONAL SER	101.45435.0446
SOUND IMAGE			001069											
	50953	11/14/17	CARD FOR SOUND SYSTEM	25.98		57393		D	N				GENERAL SUPPLIES	101.45433.0229
SOUTH FLORIDA K-9 INC			003356											
	50954	11/14/17	CRATE/TRAINING EQUIPMENT	350.00		59		D	N				SMALL TOOLS	101.42411.0221
	50954	11/14/17	DOG/HANDLER TRAINING	6,000.00		59		D	N				TRAVEL-CONF.-SCH	101.42411.0333
	50954	11/14/17	K-9	9,000.00		59		D	N				OTHER IMPROVEMEN	800.42411.0554
			VENDOR TOTAL	15,350.00		*CHECK TOTAL								
				15,350.00										
STACY'S NURSERY INC			000706											
	50955	11/14/17	INST. PAVERS AND BASE	4,700.00		11557		D	N				MTCE. OF OTHER I	854.45432.0336
	50955	11/14/17	INST. SEATING WALL	1,387.76		11557		D	N				MTCE. OF OTHER I	854.45432.0336
	50955	11/14/17	PILLARS	901.00		11557		D	N				MTCE. OF OTHER I	854.45432.0336
	50955	11/14/17	GRASS SEED	193.48		11772		D	N				MTCE. OF OTHER I	101.43425.0226
	50955	11/14/17	PLANT FOR FUNERAL	37.40		11775		D	N				GENERAL SUPPLIES	101.41401.0229
			VENDOR TOTAL	7,219.64		*CHECK TOTAL								
				7,219.64										
STERLING WATER-MINNESOTA			000188											
	50956	11/14/17	DRINKING WATER	18.75		00077131/10-17		D	N				SUBSISTENCE OF P	651.48484.0227
	50956	11/14/17	SOFTENER RENTAL	16.90		01454495/10-17		D	N				RENTS	101.41408.0440
	50956	11/14/17	DRNKG WTR EQUIP RENT-NOV	41.30		01454495/10-17		D	N				RENTS	101.41408.0440
	50956	11/14/17	SOFTENER SALT	376.85		01465160/10-17		D	N				GENERAL SUPPLIES	101.45433.0229
	50956	11/14/17	LAB WATER	200.00		01465285/10-17		D	N				GENERAL SUPPLIES	651.48484.0229
			VENDOR TOTAL	653.80		*CHECK TOTAL								
				653.80										
SW - WEST CNTRL SERVICES			000892											
	50957	11/14/17	HEALTH INSURANCE-DEC	5,822.00		C316		D	N				COBRA INS PREMIU	101.120001
	50957	11/14/17	HEALTH INSURANCE-DEC	3,417.02		C316		D	N				EMPLOYER INSUR.	101.41400.0114
	50957	11/14/17	HEALTH INSURANCE-DEC	5,378.28		C316		D	N				EMPLOYER INSUR.	101.41402.0114
	50957	11/14/17	HEALTH INSURANCE-DEC	2,547.58		C316		D	N				EMPLOYER INSUR.	101.41403.0114
	50957	11/14/17	HEALTH INSURANCE-DEC	4,872.78		C316		D	N				EMPLOYER INSUR.	101.41405.0114
	50957	11/14/17	HEALTH INSURANCE-DEC	1,455.76		C316		D	N				EMPLOYER INSUR.	101.41408.0114
	50957	11/14/17	HEALTH INSURANCE-DEC	2,911.52		C316		D	N				EMPLOYER INSUR.	101.41409.0114

Vendor Payments History Report
INCLUDES ONLY POSTED TRANS

VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
VIGIL/RUDY			000951											
	50962	11/14/17	ALPHA VIDEO TECH EXPO	267.42		110217		D	N				TRAVEL-CONF.-SCH	101.45001.0333
VIKING COCA-COLA BOTTLIN			000777											
	50963	11/14/17	COFFEE	125.00		739838		D	N				GENERAL SUPPLIES	101.45435.0229
	50963	11/14/17	COFFEE	100.00		740452		D	N				GENERAL SUPPLIES	101.45435.0229
			VENDOR TOTAL	225.00										
														*CHECK TOTAL
WEST CENTRAL PRINTING			000803											
	50964	11/14/17	DAILY REPORTS/FORMS	654.97		20127		D	N				OFFICE SUPPLIES	101.42411.0220
WILLMAR CHAMBER OF COMME			000812											
	50965	11/14/17	DIRECTOR SALARY	4,550.84		STMT/10-17		D	N				SALARIES-REG. EM	208.45005.0110
	50965	11/14/17	ASSISTANT SALARY	2,474.56		STMT/10-17		D	N				SALARIES-REG. EM	208.45005.0110
	50965	11/14/17	FICA & INSURANCE	1,647.00		STMT/10-17		D	N				EMPLOYER PENSION	208.45005.0113
	50965	11/14/17	IRA CONTRIBUTION	210.75		STMT/10-17		D	N				EMPLOYER PENSION	208.45005.0113
	50965	11/14/17	PHOTO COPIES-OCT	41.40		STMT/10-17		D	N				OFFICE SUPPLIES	208.45005.0220
	50965	11/14/17	PAYROLL/FLEX FEE	49.87		STMT/10-17		D	N				OTHER SERVICES	208.45005.0339
	50965	11/14/17	OFFICE RENT-OCT	626.61		STMT/10-17		D	N				RENTS	208.45005.0440
	50965	11/14/17	MAIL PICKUP FEE-SEP	50.00		46808		D	N				POSTAGE	208.45005.0223
	50965	11/14/17	INTERNET 09/18-10/17	41.70		46808		D	N				COMMUNICATIONS	208.45005.0330
	50965	11/14/17	MANAGED IT 09/12-10/11	66.72		46808		D	N				COMMUNICATIONS	208.45005.0330
			VENDOR TOTAL	9,759.45										
				9,759.45										*CHECK TOTAL
WINDSTREAM			002100											
	50966	11/14/17	PHONE SERV-OCT	329.31		STMT/10-17		D	N				COMMUNICATIONS	101.41409.0330
	50966	11/14/17	PHONE SERV-OCT	155.12		STMT/10-17		D	N				COMMUNICATIONS	230.43430.0330
	50966	11/14/17	PHONE SERV-OCT	86.49		STMT/10-17		D	N				COMMUNICATIONS	651.48484.0330
	50966	11/14/17	PHONE SERV-NOV	61.71		STMT/11-17		D	N				COMMUNICATIONS	101.45433.0330
			VENDOR TOTAL	632.63										
				632.63										*CHECK TOTAL
WONDERWARE MIDWEST			003352											
	50967	11/14/17	FREIGHT CHARGES	21.43		14984		D	N				POSTAGE	651.48484.0223
	50967	11/14/17	SURVEILLANCE SOFTWARE	3,945.00		15014		D	N				OTHER IMPROVEMEN	651.48484.0554
			VENDOR TOTAL	3,966.43										
				3,966.43										*CHECK TOTAL
5 STAR WALT'S LLC			000790											
	50968	11/14/17	FUEL FOR GENERAL PURPOSE	31.55		102617		D	N				MOTOR FUELS AND	101.42412.0222

ACS FINANCIAL SYSTEM
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CITY OF WILLMAR
GL540R-V08.05 PAGE 19

VENDOR NAME AND NUMBER	CHECK#	DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F	S	9	BX	M	ACCOUNT NAME	ACCOUNT
REPORT TOTALS:				1,187,315.95										

RECORDS PRINTED - 000481

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Vendor Payments History Report

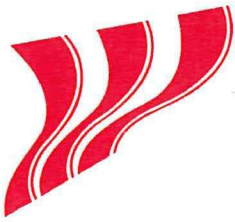
CITY OF WILLMAR
GL060S-V08.05 RECAPPAGE
GL540R

FUND RECAP:

FUND	DESCRIPTION	DISBURSEMENTS
101	GENERAL FUND	431,160.18
205	INDUSTRIAL DEVELOPMENT	1,375.00
208	CONVENTION & VISITORS BUREAU	13,760.96
230	WILLMAR MUNICIPAL AIRPORT	6,972.61
350	RICE HOSPITAL DEBT SERVICE	6,569.39
432	C.P. - WASTE TREATMENT	464.31
450	CAPITAL IMPROVEMENT FUND	251,197.45
497	S.A.B.F. - #2017	411,892.48
651	WASTE TREATMENT	47,875.18
800	LAW ENFORCEMENT FORFEITURE	9,000.00
854	DESTINATION PLAYGROUND	7,048.39
TOTAL ALL FUNDS		1,187,315.95

BANK RECAP:

BANK	NAME	DISBURSEMENTS
HERT	HERITAGE BANK	1,187,315.95
TOTAL ALL BANKS		1,187,315.95



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Rice Memorial Hospital Board of Directors	Subject: Consideration of Proposed Lease Agreement with CentraCare Health Systems and Carris Health, LLC and Related Transaction Documents

AGENDA ITEM: Hold Public Hearing on and Consider Operating Lease Agreement with Carris Health, LLC (Carris) CentraCare Health Systems (CCH) related to the City’s Rice Memorial Hospital (hospital) and associated transaction documents.

INTRODUCTION/REQUEST: The City Council will be asked to approve the proposed Operating Lease Agreement between the City, Carris, CCH (Lease), and the proposed Affiliation Agreement between the City, the Rice Memorial Hospital Board of Directors (Rice Board), Carris and CCH (Affiliation Agreement). A brief description of these contracts follows:

1. City Long Term Lease of RMH to Carris, a subsidiary to be formed by CentraCare — 30 year term, with automatic renewal term and option to purchase after 10 years; and
2. Affiliation Agreement — Defines relationship between Rice Board, Carris board and CCH.

(Additionally, there will be a member control and operating agreement between Carris and CCH that will provide for local representation on Carris’s board, define responsibilities for operation & management of the hospital, and provide for CCH approval of many actions, and separate a guaranty by CCH of Carris’s payments to the City under the Lease. The City will not be a party to these contracts but they will be exhibits to the Lease.)

The Lease, among other terms, will provide that the rental payments to be made by Carris to the City will equal or exceed the amount required to pay the principal of and interest when due on the (i) General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) originally issued in the principal amount of \$40,910,000 and (ii) Hospital Revenue Notes, Series 2013 (Rice Care Center Project) originally issued in the principal amount of \$9,100,000 (collectively, the “Hospital Bonds”), of the City. The principal of and interest on the Hospital Bonds are expected to be paid from the rental payments to be made by Carris under the Lease.

HISTORY: The Rice Board has been in discussions with CCH for some time regarding a potential affiliation to include the hospital and Affiliated Community Medical Centers, P.A. (ACMC). The Rice Board entered into a letter of intent with CCH and ACMC regarding the affiliation on May 24, 2017. Following a presentation to the City Council and the public at the Willmar Conference Center on September 13, 2017, legal counsel for the Rice Board, the City’s special healthcare transactions counsel, Kutak Rock, the City Attorney and CCH have conducted extensive negotiations on the definitive agreements for the affiliation, including the Lease and Affiliation Agreement. The Executive Committee of the Rice Board and an ad hoc advising group convened by the City Council have held numerous meetings with legal counsel to consider the terms of these documents and provide direction to the parties’ legal counsel. Following this deliberative process, the Rice Board voted at its meeting on October 30,

2017 to formally recommend to the City Council that the City Council approve and enter into the Lease and an Affiliation Agreement with Carris and CCH.

The Planning Commission considered the Lease on November 8, 2017 under Section 4.02, subd. 8 of the City Charter and approved the City Council entering into the lease on the condition that the lease protect the City's ability to develop a parcel of City-owned property currently used by the hospital for surface parking during the term of the lease that is located east of the hospital facility abutting 1st Street South. A new section 2.6 has been added to the Lease to protect the City's development rights for this parcel in satisfaction of the Planning Commission's condition.

In addition to public discussion of the draft documents at the September 13, 2017 special joint City Council-Rice Board meeting and the November 6, 2017 City Council work session, the City Council conducted a public meeting on November 14, 2017 at the Kandiyohi County Health and Human Services Building at which public comments were received and questions addressed.

CURRENT CIRCUMSTANCE: The hospital is owned and operated by the City, through the Rice Board. The Lease has been developed by special legal counsel for the hospital and the City and concluded to be in the best interests of the residents of the City and the community served by the Rice Facilities in order to provide more integrated and effective care to its residents.

RECOMMENDATION: To adopt the accompanying resolutions making findings and approving the Lease and Affiliation Agreement and authorizing the Mayor and City Administrator to sign the same on behalf of the City and approve the reclassification of the Hospital Bonds to qualified 501(c)(3) bonds.

ISSUES:

1. Future delivery of healthcare services to and within the greater Willmar community;
2. Smooth transition for existing Rice employees
3. Charter compliance

FINANCIAL IMPACT: The financial impact to the City during the term of the Lease will be minimal, as the rent payments to be made to the City will cover the cost of the City's payments of principle and interest on the outstanding debt on the hospital and the hospital's annual intergovernmental transfer payment to the City. Entering into the Lease will likely lead to a new evaluation of the City and its bond rating by the ratings agency, but staff does not have significant concerns about this transaction's potential effect on the City's rating.

ALTERNATIVES:

1. Delay Council action if additional information is required.
2. Decline entering in to the Lease and Affiliation Agreements.

RECOMMENDED MOTIONS:

1. To adopt a resolution making findings and approving the Lease and Affiliation Agreement and authoring the Mayor and City Administrator to sign the same on behalf of the City.
2. To adopt a resolution approving the reclassification of the Hospital Bonds as qualified 501(c)(3) bonds.

REVIEWED BY: Ike Holland, City Administrator

WORK SESSION DATE: November 6, 2017

COUNCIL MEETING DATE: November 20, 2017

Regular Agenda Consent Agenda

RESOLUTION NO. _____

A RESOLUTION BY THE MAYOR AND CITY COUNCIL OF THE CITY OF WILLMAR, MINNESOTA APPROVING AN OPERATING LEASE AGREEMENT AND AFFILIATION AGREEMENT WITH CENTRACARE HEALTH SYSTEM AND CARRIS HEALTH, LLC RELATED TO THE RICE MEMORIAL HOSPITAL

WHEREAS, the Rice Memorial Hospital Board of Directors (the "Rice Board") voted at its October 30, 2017 special meeting to recommend that (1) the Willmar City Council approve and enter into an Operating Lease Agreement with Carris Health, LLC ("Carris") and CentraCare Health System ("CentraCare"), a Minnesota nonprofit and tax-exempt corporation, a copy of which is attached hereto as Exhibit 1 (the "Lease"), for the 136-bed acute care hospital located at 301 Becker Avenue SW, Willmar, Minnesota, known as Rice Memorial Hospital (the "Hospital") and certain related health care facilities including Rice Care Center, Rice Home Medical, Rice Hospice (collectively, with the Hospital, referred to herein as the "Rice Facilities"); (2) the City Council approve and enter into an Affiliation Agreement by and among the City, the Rice Board, Carris and CentraCare, a copy of which is attached hereto as Exhibit 2 (the "Affiliation Agreement"); and (3) the City Council authorize the City to enter into and execute any additional documents necessary to effectuate the Lease and Affiliation Agreement; and

WHEREAS, the Rice Board, working with its consultants and advisors, and following a thorough analysis, public input and consultation with legal counsel, determined that the Lease and Affiliation Agreement will best satisfy the ongoing healthcare needs of the residents of the City of Willmar (the "City") and its community in order to (1) provide more integrated and effective care to residents of the City and the surrounding area, (2) more effectively recruit and retain physicians and other health professionals to serve the people in the area, (3) enhance the competitive position of the Rice Facilities, (4) strengthen the position of the Hospital as an independent provider of health care in the service area and (5) provide a source of payment for the obligations of the City under the bonds related to the Rice Facilities (the "Hospital Bonds") that is not dependent on the results of operation of the Rice Facilities (collectively, the "policy priorities"); and

WHEREAS, the representatives of RMH and the City worked cooperatively, together with legal counsel, to negotiate the Lease and Affiliation Agreement and related contracts documents in order to best advance the policy priorities; and

WHEREAS, Carris intends to acquire the assets, employees and operations of Affiliated Community Medical Centers, P.A., a Minnesota professional corporation which operates a multi-specialty physician group practice consisting of physicians and other providers who are members of the medical staff of the Hospital ("ACMC") in order to facilitate achievement of the objectives set forth above; and

WHEREAS, under the terms of the Operating Lease, the City, acting pursuant to its statutory authority under Minnesota Statutes § 447.47, will lease, and transfer the operations of, the Rice Facilities to Carris for an initial lease term of 30 years with one automatic renewal term of 30 years, on the terms and conditions set forth therein and Carris will, during the term of the

Lease, maintain services at the Rice Facilities consistent with the terms of the Lease, continue to make capital investments in the Rice Facilities, and operate the Rice Facilities in a manner consistent with Carris' charitable purposes and tax-exempt status; and

WHEREAS, Willmar City Charter Section 4.08, subdivision 2 requires the City's Planning Commission to review and approve any lease of City-owned real estate or buildings for a period of in excess of three years; and

WHEREAS, under the terms of the Lease, Carris will have the option to purchase the Rice Facilities after the 10th year of the initial lease term and after such time as the Hospital Bonds have been repaid, provided that it first satisfies any requirements for the sale of City-owned by property under the City's charter or ordinances; and

WHEREAS, procedural requirements under the City's charter applicable to the sale of the Hospital include Section 2.12, subdivision 1(G) (requiring the conveyance of any lands of the City to be accomplished by adopting an ordinance); Section 4.02, subdivision 8 (requiring Planning Commission review of any sale, transfer or conveyance of City-owned lands, buildings and property); and Section 4.04, subdivision 4 (requiring approval by the voters in a referendum if "any incidents of ownership (or) the control thereof" in the Hospital are to be transferred to any other agency than the Rice Board); and

WHEREAS, the City Council has received and considered extensive public comments and feedback on the Lease and Affiliation Agreement, including at the September 13, 2017 special joint City Council-Rice Board meeting, the November 6, 2017 City Council work session, and a special City Council meeting conducted on November 14, 2017 at the Kandiyohi County Health and Human Services Building for the specific purpose of receiving public comments on the proposed transaction.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willmar, that the City Council makes the following:

FINDINGS

1. The City Council, taking into advisement the recommendation of the Rice Board, agrees with the policy priorities and adopts the same as its own.
2. The City Council has concluded that it is in the best interests of the residents of the City and the community served by the Hospital for the City to enter into the Lease and Affiliation Agreement in promotion of the policy priorities.
3. The City's Planning Commission considered the Lease on November 8, 2017 as required by Section 4.02, subd. 8 of the City's charter and approved the City Council entering into the lease on the condition that the lease protect the City's ability to develop a parcel of City-owned property currently used by the hospital for surface parking during the term of the lease that is located east of the hospital facility abutting 1st Street South. A new section 2.6 has been added to the Lease to protect the City's development rights for this parcel in satisfaction of the Planning Commission's condition.

4. Under the terms of the Lease, at all times during its initial or renewal terms the City will retain the incidents of ownership in the Hospital, the control of which shall continue to be vested in the Rice Board, subject to the overriding power of the City Council, for reasons including but not limited to the following:
 - a. The City will retain legal title to the Hospital;
 - b. The City, by and through the Rice Board, will have authority to exercise oversight of the operation and management of the Hospital and enforce the terms of the Lease and related contract documents, including specific service commitments and capital expenditure commitments made by Carris therein;
 - c. The City, by and through the Rice Board, will retain authority to approve material improvements to the Rice Facilities;
 - d. The City will not confer on any other party a right to permanently encumber the Hospital; and
 - e. The City will retain the risk of loss if the Hospital loses value.

5. At such time as Carris exercises its option to purchase the Rice Facilities and the parties agree to the terms of the transfer of the Hospital to Carris, all requirements applicable to the sale, transfer or conveyance of the Hospital or other City-owned property must be satisfied before the transfer of the incidents of ownership in the Hospital may be finalized, including Section 2.12, subdivision 1(G) (requiring the conveyance of any lands of the City to be accomplished by adopting an ordinance); Section 4.02, subdivision 8 (requiring Planning Commission review of any sale, transfer or conveyance of City-owned lands, buildings and property); and Section 4.04, subdivision 4 (requiring approval by the voters in a referendum if “any incidents of ownership (or) the control thereof” in the Hospital are to be transferred to any other agency than the Rice Board).

BE IT FURTHER RESOLVED by the City Council of the City of Willmar, that:

1. The City Council hereby approves the Operating Lease Agreement between the City of Willmar and CentraCare Health System and Carris Health, LLC attached hereto as Exhibit 1 and authorizes the Mayor and City Administrator to execute the same on behalf of the City.

2. The City Council hereby approves the Affiliation Agreement between the City of Willmar, the Rice Memorial Hospital Board of Directors, Carris Health, LLC and CentraCare Health System attached hereto as Exhibit 2 and authorizes the Mayor and City Administrator to execute the same on behalf of the City.

3. The City Council hereby authorizes the City to enter into and execute any additional documents necessary and complete any exhibits and schedules to effectuate the Lease and Affiliation Agreements.

4. Pursuant to the Affiliation Agreement, the City Council hereby directs the City Attorney to prepare an ordinance for introduction at the December 4, 2017 regular City Council meeting providing for two non-voting observers to be appointed to the Rice Board by

CentraCare and for the Carris Co-Chief Executive Officers to serve as non-voting *ex-officio* members of the Rice Board.

Adopted by the Willmar City Council this 20th day of November 2017.

Approved:

Mayor

Attest:

City Clerk

EXHIBIT 1
Operating Lease

**OPERATING LEASE AGREEMENT
BY AND AMONG
CITY OF WILLMAR, MINNESOTA,
CENTRACARE HEALTH SYSTEM,
AND
CARRIS HEALTH, LLC**

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OPERATING LEASE AGREEMENT

THIS OPERATING LEASE AGREEMENT (the “**Agreement**”), has been entered into as of this ___ day of _____, 2017, by and among the **City of Willmar, Minnesota**, a Minnesota home rule charter city of the third class (the “**City**”), CentraCare Health System, a Minnesota nonprofit corporation (“**CentraCare**”) and Carris Health, LLC, a Minnesota nonprofit limited liability company (“**Carris**”).

PREAMBLE

WHEREAS, the City owns a 136-bed acute care hospital located at 301 Becker Avenue SW, Willmar, Minnesota, known as Rice Memorial Hospital (the “**Hospital**”), which has been established pursuant to Minnesota Statutes § 447.05 and is operated under the authority of a board of directors appointed in accordance with Minnesota Statutes § 447.07 (the “**Rice Board**”) and certain related health care facilities including Rice Care Center, Rice Home Medical, Rice Hospice (collectively, with the Hospital, referred to herein as the “**Rice Facilities**”); and

WHEREAS, the City has issued (i) \$40,910,000 General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) and (ii) \$9,100,000 Hospital Revenue Notes, Series 2013 (Rice Care Center Project) (collectively, the “**Hospital Bonds**”), the proceeds of which have been used to finance improvements at the Rice Facilities; and

WHEREAS, Carris is a wholly-owned subsidiary of CentraCare, which operates a health care system providing services in multiple locations throughout Central Minnesota, including six acute care hospitals. Carris has been established by CentraCare to, among other things, assume the day-to-day operations of the Rice Facilities and, in connection therewith, to acquire certain operating assets, employees and operations of the Rice Facilities; and

WHEREAS, the City, upon the recommendation of the Rice Board, and following a thorough analysis, public input and consultation with legal counsel, has concluded that it is in the best interests of the residents of the City and the community served by the Rice Facilities to enter into an Affiliation Agreement by and among the City, the Rice Board, Carris and CentraCare, dated as of the date hereof (the “**Affiliation Agreement**”), in order to (i) provide more integrated and effective care to residents of the City and the surrounding area, (ii) more effectively recruit and retain physicians and other health professionals to serve the people in the area, (iii) enhance the competitive position of the Rice Facilities, (iv) strengthen the position of the Hospital as an independent provider of health care in the service area and (v) provide a source of payment for the obligations of the City under the Hospital Bonds that is not dependent on the results of operation of the Rice Facilities; and

WHEREAS, Carris intends to acquire the assets, employees and operations of the Rice Facilities along with the assets, employees and operations of **Affiliated Community Medical Centers, P.A.**, a Minnesota professional corporation which operates a multi-specialty physician group practice consisting of physicians and other providers who are members of the medical staff of the Hospital (“**ACMC**”) in order to facilitate achievement of the objectives set forth above; and

WHEREAS, the City, acting pursuant to its statutory authority under Minnesota Statutes § 447.47, will lease, and transfer the operations of, the Rice Facilities to Carris on the terms and conditions set forth herein and Carris will, during the term of this Agreement, maintain services at the Rice Facilities consistent with the terms of this Agreement, continue to make capital investments in the Rice Facilities, and operate the Rice Facilities in a manner consistent with Carris' charitable purposes and tax-exempt status;

NOW, THEREFORE, in consideration of the premises, covenants and agreements set forth in this Agreement, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

The following words, terms or phrases, when used in this Agreement, shall have the following meanings, unless the context clearly indicates a different meaning:

1.1 “ACMC” has the meaning set forth set forth the Recitals hereto.

1.2 “Affiliation Agreement” has the meaning set forth the Recitals hereto.

1.3 “Assigned Contracts” means the agreements entered into in connection with Rice Operations before the Possession Date, including, but not limited to, those real property leases listed on the attached Exhibit 1.3(a) and those other contracts listed on the attached Exhibit 1.3(b).

1.4 “Assumed Liabilities” means any and all liabilities, indebtedness, commitments, or obligations of any nature, of the City, the Rice Facilities relating to, or arising out of, Rice Operations, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising, other than the Excluded Liabilities, including, but not limited to the following:

(a) All payment obligations, other obligations and liabilities arising under the Assigned Contracts listed on the attached Exhibits 1.3(a) and 1.3(b);

(b) Any materialmen, mechanics or other liens against the Leased Assets or the Transferred Assets;

(c) All accounts payable, trade payables and similar liabilities arising out of Rice Operations;

(d) All payment obligations, other obligations and other liabilities arising in connection with the license agreements listed on the attached Exhibit 1.4(d)

(e) All payment obligations, other obligations and other liabilities arising in connection with the easements listed on the attached Exhibit 1.4(e);

(f) All liabilities and obligations relating to or arising under the terms of any Health Plan Contract;

(g) All claims or potential claims for medical malpractice or general liability relating to acts or omissions asserted to have occurred in connection with Rice Operations;

(h) All federal, state or local tax liabilities or obligations arising from Rice Operations including, without limitation, any withholding tax, franchise tax, tax recapture, sales and/or use tax, FICA, FUTA, and workers' compensation taxes;

(i) All employee liabilities arising from Rice Operations, including, but not limited to, liabilities associated with any employee benefit plan maintained for persons employed at the Rice Facilities, whether arising before or after the Possession Date, or for any and all claims by or on behalf of such employees relating to periods prior to the Possession Date including, without limitation, liability for any compensation-related payments, deferred compensation, incentive compensation, fringe benefit, tuition reimbursement, severance, termination pay, change in control or retention payments, bonuses or any other employee benefit plan of whatever kind or nature or any employee health and welfare benefit plans, liability for any EEOC claim, ADA claim, FMLA claim, wage and hour claim, unemployment compensation claim, or workers' compensation claim, and any liabilities or obligations to former employees under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended; any obligation or liability accruing, arising out of, or relating to any collective bargaining agreements relating to employees at the Rice Facilities;

(j) All civil or criminal obligations or liabilities arising in connection with Rice Operations accruing, arising out of, or relating to any federal, state or local investigations of, or claims or actions against, the City, the Rice Facilities or any of officer, employee, medical staff, or other agent thereof;

(k) All liabilities or obligations arising as a result of any breach by the City, Rice Facilities of any contract or commitment in connection with Rice Operations;

(l) All liabilities arising from, or relating to, any violation or claim of a violation by Rice Facilities of any obligation or claim of an obligation against any Rice Facility to investigate, assess, mitigate, conduct a removal action or remediate under any law or regulation relating to the protection of the environment including liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986;

(m) Any fines, penalties or other payments, or repayments, required to be made to any governmental entity (including, but not limited to, return of overpayments made by Medicare) under the federal Anti-Kickback Law, federal Physician Self-Referral Law, federal False Claims Act, federal Civil Monetary Penalties Law and other similar federal and state laws in connection with the operation and use of Rice prior to the Possession Date; and

(n) All liabilities incurred by the City for acts or omissions attributable to its elected officials, employees or agents pertaining to the ownership or operation of the Rice Facilities, or to any member of the Rice Board or the officers, employees or agents of Rice Facilities, in either case on or before the Possession Date, together with the benefit of (i) all of the defenses, privileges and immunities afforded by applicable law (including, without limitation, Minnesota Statutes, Chapter 466) and (ii) insurance with respect to such liabilities maintained by the City.

1.5 “Base Rent” has the meaning set forth in Section 3.1(a) below.

1.6 “Bond Reserves” means all funds (including, but not limited to, debt service reserve funds) held or otherwise required to be maintained under the Bond Documents.

1.7 “Bond Documents” means such resolutions as were adopted by the City Council on January 17, 2012 and December 2, 2013 governing the issuance of the Hospital Bonds; the Security and Covenant Agreement, dated December 31, 2013, between the City and the Banks party thereto; the Security and Covenant Agreement, dated March 4, 2014, between the City and the Banks party thereto; and the Security Agreement, dated December 31, 2013, between Rice Home Medical, LLC and the Banks party thereto.

1.8 “Breach Notice” has the meaning set forth in Section 11.6(a) below.

1.9 “Carris” has the meaning set forth in the introductory paragraph of this Agreement.

1.10 “Carris Board” means the Board of Governors of Carris as established under the terms of the Carris Operating Agreement.

1.11 “Carris Operating Agreement” has the meaning set forth in Section 5.1 below.

1.12 “City” has the meaning set forth in the introductory paragraph of this Agreement.

1.13 “City Council” means the City Council of the City.

1.14 “City Indemnified Parties” has the meaning set forth in Section 3.3 below.

1.15 “Code” means the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States Internal Revenue Law.

1.16 “Enforcement Action” has the meaning set forth in Section 11.6(a) below.

1.17 “Excluded Liabilities” means all of the obligations of the City with respect to

(a) The Hospital Bonds, provided, however, that the Leased Assets or Transferred Assets shall remain subject to all liens, security interests and other encumbrances, if any, created with respect thereto under the terms of the Hospital Bonds or the Bond Documents. Although the City shall continue to be solely responsible for the Excluded Liabilities, Carris and CentraCare shall be responsible for funding the payment

of principal and interest on the Hospital Bonds as and when due through its payment of Base Rent as provided in Section 3.1(a); and

(b) Any liabilities relating to Rice employees' pension through the Public Employees Retirement Association of Minnesota.

1.18 "Guarantee Agreement" has the meaning set forth in Section 3.1(c) below.

1.19 "Health Plan Contracts" means all health plan participation, provider, and/or reimbursement agreements of the Rice Facilities listed on attached Exhibit 1.19.¹

1.20 "Hospital" has the meaning set forth in the Recitals hereto.

1.21 "Hospital Bonds" has the meaning set forth in the Recitals hereto.

1.22 "Hospital Medical Staff" means all medical, dental and mid-level health professionals holding appointment to the Medical Staff of the Hospital as of the Possession Date.

1.23 "Improved Transferred Assets" has the meaning set forth in Section 4.3 below.

1.24 "Improvements to Leased Assets" has the meaning set forth in Section 7.3 below.

1.25 "Initial Term" has the meaning set forth in Section 2.2 below.

1.26 "Intergovernmental Transfer" has the meaning set forth in Section 3.1(b) below.

1.27 "Inventories of Supplies" means all items of consumable personal property located at, or used exclusively in connection with the Rice Operations that are owned by the City or any Rice Facility as of the Possession Date.

1.28 "Investment Fund" means the investments in fixed income securities reflected under the heading "Other Assets" on the Rice balance sheet.

1.29 "IP License" has the meaning set forth in Section 2.4 below.

1.30 "IRS" means the Internal Revenue Service.

1.31 "Leased Assets" means the City's interest in all of the following, subject to the rights of third parties pursuant to any Assigned Contracts: the real property comprising of the Rice Facilities, which is more specifically described on the attached Exhibit 1.31, including all buildings and surrounding parking areas, improvements, fixtures, furnishings or other types of personal property incorporated into or affixed to any part of such buildings located as of the Possession Date, and any other property or equipment financed or re-financed with the proceeds of the Hospital Bonds. Further, for purposes of this Agreement, the term "Leased Assets" shall include all additions, alterations, improvements, changes and deletions in and to all or any part of the Leased Assets either before or after the Possession Date.

¹ Exhibit will list the Medicare, Medicaid, CHAMPUS/TRICARE, or other government or any commercial payor programs in connection with Rice Operations.

1.32 “Material Adverse Change” means any event, occurrence, fact, condition or change that is individually, or in the aggregate, materially adverse to the business, results of operations condition (financial or otherwise) or assets of the Rice Facilities.

1.33 “New Property” has the meaning set forth in Section 4.3 below.

1.34 “Possession Date” means the date on which possession of the Leased Assets and ownership of the Transferred Assets are conveyed to Carris subject to the terms and conditions set forth in Article XII hereof, which the parties anticipate will occur as of January 1, 2018.

1.35 “Possession Date Working Capital” means \$9,000,000; provided, however, that in the event this Agreement is terminated pursuant to Section 11.2 (uncured breach by the City), Section 11.3(c) (failure of Rice Board to approve proposed improvements to the Rice Facilities) or pursuant to Section 11.3(a) or (b)(expiration of Term), then Possession Date Working Capital means \$9,000,000 less any amounts that Carris was required to pay during the first three (3) years of the Term relating to the Assumed Liabilities under Section 1.5(g) through Section 1.5(n) that were not accrued as of the Possession Date.

1.36 “Prepayment Election” has the meaning set forth in Section 3.1(d) below.

1.37 “Renewal Term” has the meaning set forth in Section 2.2 below.

1.38 “Rice Accounts Receivable” means all amounts owed to the City, the Hospital or any other Rice Facility in connection with Rice Operations as of the Possession Date whether actually billed as of the Possession Date or whether work in progress remaining to be billed.

1.39 “Rice Assets” collectively means the Leased Assets, the Transferred Assets and all other property acquired by Carris or any of its affiliates or subsidiaries after the Possession Date relating to Rice Operations.

1.40 “Rice Funds” means all of the City’s right, title and interest in or to all cash, bank accounts, savings and loan accounts, certificates of deposit, money market accounts, treasury bills, investments (whether debt or equity, liquid or illiquid), reserves, or other cash items held in the name of, or on behalf of, the City as of the Possession Date in connection with Rice Operations, including the Investment Fund but excluding any Bond Reserves.

1.41 “Rice Intellectual Property” means all copyrights, copyright applications, trade names, assumed or corporate names, trademarks or service marks, software licenses and related applications listed on the attached Exhibit 1.41 and any other intellectual property rights used in connection with Rice Operations existing as of the Possession Date,

1.42 “Rice Operating Expenses” means all costs and expenses, of any nature, associated the operation of the Rice Facilities, including, but not limited to, all Assumed Liabilities and all costs of maintenance and repair of Leased Assets, Transferred Assets, Improved Transferred Assets and New Property, utilities, equipment rental, professional fees, salaries, wages, employee benefits, permit fees, license fees, taxes, assessments and governmental charges and penalties that may be lawfully assessed or levied against or otherwise attributable to the business operations of the Rice Facilities during the Term.

1.43 “Rice Operations” means all health care, administrative and related or ancillary activities conducted in connection with the operation of the Rice Facilities either prior to the Possession Date or during the Term.

1.44 “Renewal Term” has the meaning set forth in Section 2.2 below.

1.45 “Rice Board” means the Board of Directors of Rice Memorial Hospital.

1.46 “Rice Facilities” has the meaning set forth in the Recitals hereto.

1.47 “Section 501(c)(3) Organization” has the meaning set forth in Section 5.3(a) below.

1.48 “Taking” has the meaning set forth in Section 8.2 below.

1.49 “Term” has the meaning set forth in Section 2.2 below.

1.50 “Transfer” has the meaning set forth in Section 11.5(a) below.

1.51 “Transferred Assets” means the following assets:

(a) All right, title, control and interest (whether held in the name of the City, the Hospital or any other Rice Facility) in the tangible and intangible personal property used in Rice Operations, including machinery, furniture and equipment, movable medical and office equipment, but specifically excluding any personal property incorporated into or affixed to the real property that is included in the Leased Assets;

(b) All interests of the City or the Rice Facilities, third party entities, joint ventures or partnerships relating to Rice Operations, including without limitation, the 50% partnership interest held by the Hospital in WMS (including real property owned by WMS or a subsidiary of WMS);

(c) The Rice Accounts Receivable;

(d) The gifts, bequests, donations or other endowments specifically given for the benefit of or restricted to the use of Rice or any part thereof, provided, however, that Carris will observe all conditions applicable to such gifts;

(e) All rights to receive goods or services, to use and occupy personal and leased real property or to receive payment for goods or services rendered, or other benefits arising under the Assigned Contracts;

(f) All Inventories of Supplies;

(g) All trade secrets and other confidential information concerning the operation or use of Rice not in the public domain and in existence on the Possession Date;

(h) All books and records and other documents and information relating to the Rice Assets and/or used in the operation of Rice, including, without limitation, all patient medical records, hospital charts, patient lists, literature, inventory records, purchase orders and invoices, sales orders and sales order log books, patient information, patient and payor correspondence, employee payroll and personnel records, and educational and promotional literature of every kind and nature, provided, however, all existing records shall be preserved pursuant to the City's retention schedule;

(i) Rice's current telephone listings and the right to use the telephone numbers currently being used at Rice;

(j) All Rice Funds;

(k) Any prepaid expenses arising from the operation or use of Rice in existence on the Possession Date;

(l) The right to any and all recovery from all collection cases in progress on the Possession Date for goods furnished or services rendered by Rice;

(m) All rights under the license agreements listed on the attached Exhibit 1.4(d); and

(n) All Health Plan Contracts.

1.52 "Transferred Employees" has the meaning set forth in Section 5.10(a) below.

1.53 "WMS" means Willmar Medical Services, LLP, a Minnesota limited liability partnership of which the Hospital and APMC is each a 50% partner.

1.54 "Working Capital Reconciliation" has the meaning set forth in Section 11.4(a)(i) below.

ARTICLE II LEASE OF ASSETS

2.1 Lease of Leased Assets. In consideration of the agreements set forth in this Agreement, effective as of the Possession Date, the City shall lease and demise the Leased Assets to Carris on the terms and conditions set forth in this Agreement, and Carris shall lease the Leased Assets from the City on such terms and conditions, to have and to hold for the Term, as defined in Section 2.2 below.

2.2 Lease Term and Renewal. Subject to the further provisions of this Agreement, the initial term (the "**Initial Term**") of the lease shall commence on the Possession Date and expire at 11:59 p.m. on the day immediately prior to the thirtieth (30th) anniversary of the Possession Date. If Carris is then in material compliance with all of the terms and conditions of this Agreement for which the City has not waived any noncompliance, then this Agreement shall automatically renew upon the same terms and conditions, for one additional term beginning on the 30th anniversary of the Possession Date and continuing, unless earlier terminated, until 11:59

p.m. on the day immediately prior to the sixtieth (60th) anniversary of the Possession Date (the “**Renewal Term**”). The Initial Term and the Renewal Term, if any, are collectively referred to in this Agreement as the “**Term**.” If Carris does not desire to renew this Agreement after the Initial Term, Carris shall provide written notice to the City of such non-renewal on or before the twenty-eighth (28th) anniversary of the Possession Date, and this Agreement shall be terminated under Section 11.3.

2.3 Transfer of Transferred Assets. In consideration of the covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the City shall, or shall cause, all of the Transferred Assets to be transferred, assigned and conveyed to Carris as of the Possession Date, subject to the terms and conditions set forth in this Agreement. To the extent accounts receivable from governmental payors are not assignable to Carris under law or otherwise, such accounts receivable will be collected by Carris acting as the agent for the Hospital or the respective Rice Facility pursuant to the terms of a Billing Agent Agreement in substantially the form attached hereto as Exhibit 2.3.

2.4 Rice Intellectual Property. During the term of the Lease, the City shall grant Carris an exclusive, royalty-free, nontransferable, non-sublicenseable, and non-assignable license to use the Rice Intellectual Property pursuant to the terms of a Licensing Agreement in substantially the form attached hereto as Exhibit 2.4 (the “**IP License**”).

2.5 Carris Profits. All rents, profits, gains, and other income derived from the Leased Assets and the Transferred Assets and the proceeds of accounts receivable and other assets generated in connection with Rice Operations during the Term shall be the sole property of Carris and will inure to and for the exclusive benefit of Carris. The profits realized by Carris, whether before, during or after the Term, shall not be subject to return to City upon termination of this Agreement or any other provision of this Agreement; provided, however, that this sentence is not intended to limit Carris’ liability for its specific obligations to make payments to the City, or for any event of default by it, under this Agreement.

2.6 Future City Development. The City is the taxpayer of record for Lots 1-14, Block 47, Original Town (now City) of Willmar (parcel 95-003-5630) included within the definition of Leased Assets (the “Parking Lot Parcel”). The City reserves the right to terminate the Lease with regard solely to the Parking Lot Parcel on one year’s written notice to Carris in order to facilitate a redevelopment of the Parking Lot Parcel to an alternate use. Upon such written notice, the City agrees to work with Carris in good faith to facilitate the replacement of the Parking Lot Parcel due to such redevelopment.

ARTICLE III
CONSIDERATION

In consideration of the City's lease of the Leased Assets to Carris, the transfer of the Transferred Assets and income earned on such Transferred Assets to Carris, and all other promises and responsibilities of the City set forth in this Agreement, Carris agrees as follows:

3.1 Rent.

(a) Carris shall pay rent to the City in the amounts as set forth on attached Exhibit 3.1(a), which amounts are equal to the principal and interest payments on the Hospital Bonds ("**Base Rent**"). Base Rent shall be due and payable on the dates set forth in Exhibit 3.1(a) and the obligation of Carris to make payments of Base Rent shall be unconditional. The City shall apply all payments of Base Rent to make principal and interest payments on the Hospital Bonds as and when due.

(b) Carris shall make additional payments to the City during the Term, or until the thirtieth anniversary of the Possession Date in the event of a Transfer, in an initial amount of \$300,000 per annum (the "**Intergovernmental Transfer**"), payable in equal monthly installments. Intergovernmental Transfer shall be due and payable by the 25th day of each calendar month (or the next succeeding business day). The amount of annual Intergovernmental Transfer shall be increased with respect to any year by the same percentage as the tax levy increase of the City for such year, but in no event more than 3% of the amount of the prior year's Intergovernmental Transfer Amount.

(c) All payments of Base Rent and Intergovernmental Transfer shall be made by wire transfer or other mutually agreed upon means of immediately available funds to the bank account of the City specified in Exhibit 3.1(a) or in subsequent wiring instructions delivered by the City to Carris; provided, however, that the City may require that payments of Base Rent be remitted by Carris directly to the respective bond trustees or other paying agents for the Hospital Bonds to make the payment of principal and interest then due on the Hospital Bonds. Pursuant to a Guarantee Agreement attached as Exhibit 3.1(c) (the "**Guarantee Agreement**"), CentraCare shall guarantee Carris' obligations to make all payments of Base Rent and Intergovernmental Transfer.

(d) At any time during the Term, Carris may elect to pay an amount to the City equal to the amount (including principal, accrued interest and prepayment premiums or penalties) necessary to allow the City to pay off the Hospital Bonds to the extent allowed under the terms of the Hospital Bonds (a "**Prepayment Election**"). Carris shall provide the City with not less than 90 days' prior written notice of a Prepayment Election. Upon its remittance of cash equal to the entire amount necessary to prepay the Hospital Bonds (which, at the election of the City may be remitted directly to the respective bond trustees or other paying agents for the Hospital Bonds), (i) the City will apply such cash to the repayment of the Hospital Bonds and take such steps as are necessary to release Leased Assets and Transferred Assets from any lien, security interest or other encumbrance thereon securing the City's obligations under the Hospital Bonds, (ii) the

obligation of Carris to make further payments of Base Rent shall terminate and (iii) any amounts remaining in the Bond Reserves shall be remitted by the City to Carris.

(e) The City acknowledges that the amounts held in the debt reserve account are dedicated to the Existing Bonds, and in the event that there is a reduction in the amount of the required debt reserve or Carris elects to pay off the Existing Bonds, then the amounts held in the debt reserve account shall be used to pay off the Existing Bonds.

3.2 Payment of Operating Expenses and Taxes. During the Term, Carris shall pay, or otherwise cause to be paid, satisfied or discharged all Rice Operating Expenses as and when due; provided, however, that with respect to taxes, assessments or governmental charges and penalties that may lawfully be paid in installments, Carris shall be obligated to pay only such installments as are due and payable during the Term. Carris may, at its expense and in its own name and behalf (or, to the extent lawful and pertaining to Assumed Liabilities, in the name and behalf of the City), contest in good faith any such Rice Operating Expenses provided that such proceedings have the effect of preventing the forfeiture of the Leased Assets. The City will cooperate reasonably with Carris, at Carris' expense, in any such contest. Any settlement by Carris of any claim that could potentially involve Assumed Liabilities shall require sixty (60) days prior written notice to the City.

3.3 Indemnification by Carris

. Anything in this Agreement to the contrary notwithstanding, Carris hereby agrees to pay, protect, indemnify, defend and hold harmless, the City and each of its current or former elected officials, employees, officers, agents and contractors and each current or former member of the Rice Board ("City Indemnified Parties") from and against any and all claims, losses, liabilities, damages, expenses and costs, including attorneys' fees, incurred by any City Indemnified Party relating to, arising out of or otherwise associated with the Assumed Liabilities, the conduct of Carris' business operations (including, but not limited to Rice Operations by Carris during the Term) or any challenges to the transactions contemplated under this Agreement. Carris shall procure and maintain director and officer liability insurance coverage with respect to the performance or nonperformance of the duties of the City officers and directors and Rice Board prior to the Possession Date. Carris shall also indemnify and hold the City Indemnified Parties harmless from any and all claims, losses, liabilities, damages, expenses and costs, including attorneys' fees, including those relating to an inquiry or adverse determination by the IRS related to the Hospital Bonds arising out of Rice Operations by Carris during the Term. The terms of this Section 3.3 shall survive expiration or any earlier termination of this Agreement.

3.4 Indemnification by City. Anything in this Agreement to the contrary notwithstanding, the City shall, at its own cost and expense, pay, protect, indemnify, and defend Carris, and hold Carris harmless, from and against all claims, causes of action, suits, demands, liabilities, damages, penalties, judgments, and expenses, including reasonable attorneys' fees, which may be imposed upon, incurred by, or asserted against Carris arising from or by reason of any of the Excluded Liabilities (other than resulting from a breach by Carris of its obligations under this Agreement) or any breach by the City of its obligations under this Agreement.

3.5 Third Party Claims. In the event of any action or proceeding involving a claim for which a party seeks to be indemnified under Section 3.3 or Section 3.4, the party providing such indemnity may, to the full extent permitted by law, assume the defense of such third party action or proceeding at its own cost and expense and upon written notice to the indemnified party; provided, however, that in the event of any inquiry or proceeding by the IRS with respect to the Hospital Bonds, Carris shall not have any right to respond to or assume the defense thereof. In all cases, the indemnified party shall reasonably cooperate in the defense of any such action or proceeding; provided that any expense incurred by the indemnified party as the result of that cooperation shall be paid for by the indemnifying party.

ARTICLE IV
OPERATION, MAINTENANCE, EXPENSES, TAXES AND INSURANCE

4.1 Operation and Maintenance of Rice. Carris shall have sole responsibility for the management, operation, administration and maintenance of the Leased Assets, and shall (i) maintain, preserve and keep the Leased Assets in good condition, repair and working order and free and clear of all liens, security interests or other encumbrances other than those imposed under the terms of the Hospital Bonds, (ii) purchase, repair or replace any and all equipment necessary to meet then-current state licensure and Medicare certification requirements of the Hospital and the other Rice Facilities. The City acknowledges and agrees that Carris may, at its own expense, make or cause to be made any and all additions, alterations, changes and deletions in and to all or any part of the Leased Assets as Carris, in its sole discretion, deems necessary or appropriate, including without limitation additional fixed or movable equipment or other personal property, except as may otherwise be provided in this Agreement or the Bond Documents. If Carris is required to repair any of the Leased Assets, and the repair is attributable to conditions for which the City is the holder of a manufacturer's, supplier's, or contractor's warranty or guaranty, the City shall, upon written notice from Carris, undertake all reasonable steps, including legal action, to exercise the City's rights under and recover upon such warranty or guaranty; provided, however, that all expenses and costs, including legal fees, incurred in connection with the exercise of those rights shall be borne by Carris. In the event of recovery by the City, the City agrees to promptly remit all proceeds from the recovery, whether in cash or in kind, to Carris.

4.2 Insurance. Carris will, at its expense, carry such type and amount of insurance concerning the Leased Assets as is required to satisfy the Bond Documents and related documents governing the Hospital Bonds. Such insurance shall include, without limitation, "all-risk" property insurance, insuring both the City and Carris each as their interests may appear. In addition, Carris will, at its expense, carry comprehensive general liability insurance, worker's compensation insurance and professional liability insurance, in amounts determined by the Carris Board and consistent with policy limits for CentraCare hospitals of a similar size and nature. Subject to the requirements of Section 3.2, the Bond Documents and related documents governing the Hospital Bonds, Carris may elect to obtain such insurance as is required by this Section 4.2 by means of policies issued by insurance companies, or, at Carris' election, partially by means of self-insurance in conjunction with other companies through an insurance trust or other arrangement, or wholly by means of self-insurance. All liability insurance policies maintained pursuant to this Section 4.2 will name the City as an additional insured party. The proceeds of any property insurance on any Leased Asset will be applied as required by the Bond

Documents, as long as the Hospital Bonds remain outstanding, and then as provided in Article VIII of this Agreement.

4.3 New Machinery and Equipment. Subject to the terms of the Bond Documents or associated covenants under the Hospital Bonds, during the Term, in its discretion and at its cost, Carris may (a) install replacement or additional items of fixed or movable machinery, equipment or other types of personal property (“**New Property**”), in or at the Hospital or any other Rice Facility included in the Leased Assets, and (b) improve, replace or enhance the Transferred Assets (“**Improved Transferred Assets**”). Subject to the terms of the Bond Documents or associated covenants under the Hospital Bonds, all New Property and Improved Transferred Assets shall be considered the property of Carris.

ARTICLE V GENERAL COVENANTS OF CARRIS

Except as otherwise provided in this Article V, Carris hereby agrees and covenants with the City to take the following actions during the Term (or such other period as may be specified below):

5.1 Execution of Carris Operating Agreement. Prior to the Possession Date, but effective thereon, Carris and CentraCare shall have entered into that certain Member Control and Operating Agreement in substantially the form attached hereto as Exhibit 5.1 (the “**Carris Operating Agreement**”).

5.2 Status. Carris shall maintain its existence as a Minnesota nonprofit limited liability company. Carris has not entered into and shall not enter into any lease, management contract, service contract, or similar arrangement which would give rise to any “private business use” of the Leased Assets as defined in the Code in an amount which would cause the Hospital Bonds to lose their tax-exempt status under the Code.

5.3 Tax-Exempt Status; Tax Covenants. Carris will not use, or permit the use of, the Leased Assets, directly or indirectly, in a manner that would adversely affect the exclusion from gross income of interest on the Hospital Bonds. To that end, Carris covenants that during the time any of the Hospital Bonds remain outstanding:

(a) None of the Leased Assets financed with proceeds of the Hospital Bonds will be used in any activity which constitutes: (i) an unrelated trade or business activity of Carris or any other Section 501(c)(3) Organization (as defined below), determined by applying Section 513(a) of the Code; or (ii) a trade or business of a person other than a Section 501(c)(3) Organization or a State of the United States or a political subdivision of a State of the United States, to the extent that such use would adversely affect the exclusion from gross income of interest on the Hospital Bonds. As used in this Section 5.3, “Section 501(c)(3) Organization” means an organization that is exempt from federal income taxation pursuant to Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code.

(b) Carris shall not cause the Hospital Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. For purposes of this Section 5.3, the

Hospital Bonds are “federally guaranteed” if the payment of principal or interest with respect to the Hospital Bonds is guaranteed, directly or indirectly, in whole or in part, by the United States (or any agency or instrumentality thereof).

(c) Carris has no present intention to sell or otherwise dispose of any substantial portion of the property acquired, financed, or refinanced with the proceeds of the Hospital Bonds, in whole or in part, before the final maturity date of the Hospital Bonds except such portions of the moveable equipment as may, pursuant to the express terms of this Agreement, be disposed of in the ordinary course of business because of normal wear and tear or obsolescence. Carris has not been an obligor with respect to state or municipal obligations issued within thirty (30) days prior to the date hereof which were sold pursuant to a common plan of financing with the Hospital Bonds, and Carris does not expect to become an obligor with respect to any such obligations within thirty (30) days after the date hereof.

(d) While any portion of the Hospital Bonds remains outstanding, from and after the Possession Date, no portion of the proceeds of the Hospital Bonds will be used to provide any airplane, skybox, or other private luxury box, any facility primarily used for gambling, or a store, the principal business of which is the sale of alcoholic beverages for consumption off premises.

(e) Carris shall not cause the payment of the principal of, or interest on, more than five percent of the proceeds of the Hospital Bonds to be directly or indirectly: (i) secured by any interest in (A) property used or to be used for a private business use or (B) payments in respect of such property; or (ii) to be derived from payments in respect of property, or borrowed money, used or to be used for a private business use as defined in Section 141 of the Code (except for by a Section 501(c)(3) Organization).

(f) Carris will promptly provide City with full information as to any use of the Leased Assets financed with proceeds of the Hospital Bonds for which the City was not aware of prior to the Possession Date by anyone other than a Section 501(c)(3) Organization, including the revenues and square footage involved. Nothing in this paragraph is intended to give Carris rights to assign this Agreement or sublease any portion of the Leased Assets not granted in Section 7.2 (except for by a Section 501(c)(3) Organization) for a use that is not an unrelated trade or business.

(g) From and after the Possession Date, no portion of the proceeds of the Hospital Bonds is to be used directly or indirectly to provide residential rental property for family units.

(h) Carris has not leased, sold, assigned, granted, or conveyed and will not lease, sell, assign, grant, or convey all or any portion of the Leased Assets or any interest therein to the United States or any agency or instrumentality thereof within the meaning of Section 149(b) of the Code.

(i) Carris is, and throughout the term of the Hospital Bonds will remain, a nonprofit organization described and qualified under Section 501(c)(3) of the Code, that is not a “private foundation” as defined in Section 509(a) of the Code.

(j) There is no action, proceeding, or investigation pending or threatened or any basis therefor by the IRS or authorities of the State of Minnesota which, if adversely determined, might result in a modification of the status of Carris as a nonprofit organization described and qualified under Section 501(c)(3) of the Code.

(k) From and after the Possession Date, no part of the Leased Assets will be subject to a contract for management services except for contracts for management services which will not adversely affect the exclusion from gross income of interest on the Hospital Bonds. Carris will not enter into any research contracts that currently or in the future result in (i) another entity having an ownership interest in the Leased Assets; (ii) actual or beneficial use of the Leased Assets by another entity pursuant to a lease; or (iii) another party using the Leased Assets pursuant to a management or incentive payment contract.

(l) Carris shall operate the Leased Assets in a manner that complies with the requirements of Minnesota Statutes, Section 447.47(a), as amended from time to time.

(m) Any Improvements to the Leased Assets made by Carris during the term of this Agreement shall comply with the terms of the then outstanding Bonds to which the Leased Assets are subject.

5.4 Bond Covenants. As long as the Hospital Bonds remain outstanding, notwithstanding any other provision of this Agreement, Carris shall be subject to the agreements and covenants set forth in the Bond Documents, including the following.

5.5 Licenses and Approvals. At all times during the Term, Carris shall maintain such licenses and obtain such approvals as are deemed necessary by Carris to comply with statutes, regulations or codes applicable to the Rice Operations.

5.6 Medicare Certification. At all times during the Term, Carris shall maintain Medicare certification of the Hospital and the other Rice Facilities. As of the Possession Date, the City shall assign to Carris the National Provider Identifier for the Hospital the other Rice Facilities, and Carris shall assume all liabilities associated therewith.

5.7 Medical Staff. On or before the Possession Date, Carris shall adopt the Bylaws, Rules and Regulations of Rice’s Medical Staff in effect as of the Possession Date for purposes of the Hospital and shall extend privileges to all members of Rice’s Medical Staff then in compliance with such Bylaws, Rules and Regulations on identical terms as in effect as of the Possession Date. Carris shall maintain an open Medical Staff, in compliance with the conditions to the bequest of real and personal property to the City by Cushman Albert Rice for purposes of establishing the Hospital, unless it determines otherwise based on the best interests of the community it serves.

5.8 Consents, Licenses and Approvals. Carris shall take all actions it deems necessary or appropriate to obtain and maintain in full force and effect any consents, licenses, permits and approvals necessary in connection with this Agreement, Rice Operations, or the furtherance of Carris' purposes.

5.9 Commitments to Serve the Community.

(a) The Hospital and the other Rice Facilities shall be open to all residents of the communities they serve on equal terms. Carris agrees that it will not discriminate against any person in admission, treatment or participation in its programs, services or activities or deny any person the full and equal enjoyment of its facilities, accommodations, goods, advantages or privileges based on race, color, national origin, ethnicity, culture, language, disability, age, creed, religion, sex, marital status, sexual orientation, gender identity or expression, socioeconomic status or other protected class status as provided by applicable law.

(b) Carris will operate the Hospital and the other Rice Facilities as a charitable health care organization in accordance with the "community benefit standards" as they apply to 501(c)(3) hospital nonprofit corporations, including the (i) acceptance of all Medicare and Medicaid patients, (ii) acceptance of all emergency patients without regard to ability to pay, (iii) maintenance of an open medical staff, (iv) provision of public health programs of educational benefit to the community, and (v) general promotion of public health, wellness, and welfare to the community through the provision of health care at a reasonable cost.

5.10 Transfer of City Employees.

(a) Each employee of Rice who is actively employed or on a leave of absence from such active employment on the Possession Date will be offered employment by Carris, as applicable, with comparable position, hours and benefits, and at the wage or salary provided as of the Possession Date, subject only to the following pre-employment screening requirements: (i) professional licensure that is presently required for the position at Rice; (ii) criminal and professional background check; (iii) immigration law compliance; and (iv) any other legally mandated requirements. Employees hired under this Section 5.10 are referred to as "**Transferred Employees.**" Continued employment of Transferred Employees by Carris will be subject to Carris' policies and procedures.

(b) Eligibility for benefits for Transferred Employees will begin on the first day of employment at Carris. Carris shall treat employee service with Rice prior to the Possession Date as having been service with Carris and will waive, to the extent permitted by law, any length of service requirements, waiting periods, vesting periods or differential benefits based on length of service in any such employee benefit plans and defined contribution plans for which Transferred Employees may be eligible after the Possession Date.

(c) Carris will grant credit for all unused paid time off (PTO) accrued by Transferred Employees before the Possession Date, provided that such PTO credit

effectively eliminates any claim for a payout of accrued PTO by such Transferred Employees. If a Transferred Employee does not consent to such credit, then the City will pay out all such accrued PTO as of the Possession Date, and the Transferred Employee will not be granted PTO credit.

(d) Carris will assume all collective bargaining agreements relating to the Transferred Employees in place on the Possession Date subject to adjustment to reflect the National Labor Relations Act.

5.11 Reports. Carris will provide a report to the City Council and the Rice Board within one hundred eighty (180) days of the end of each year and on a more frequent basis as requested by the Rice Board (a) with respect to the fulfillment of by Carris of its obligations and covenants under Sections 5.12 and 5.13 hereof and such other information as the City or the Rice Board may reasonably request in order to understand and confirm Carris' fulfillment of such obligations and covenants, (b) audited financial statements of CentraCare within one hundred eighty (180) days of the end of each fiscal year of CentraCare, and (c) audited financial statements of Carris within one hundred eighty (180) days of the end of each fiscal year of Carris. Carris shall also timely provide any reports and information as necessary to meet the requirements and covenants of the Bond Documents.

5.12 Service Commitments.

(a) Carris agrees that it will continue to operate the Hospital in the City of Willmar as a licensed general acute care hospital and at minimum a Level 3 or such appropriate status trauma center and furnish such health care services as are deemed necessary and appropriate by the Carris Board, which services in the City of Willmar shall include inpatient beds, emergency department, surgery services, therapy services, ambulance services, and obstetrical services and will not materially limit, reduce or eliminate such core services without the prior approval of the Rice Board. Nothing herein shall limit in any manner the right and ability of Carris to perform any health care service at the Hospital that it may otherwise lawfully perform.

(b) Carris shall work collaboratively with the Rice Board to maintain and expand physician specialty services at the Hospital, which may include cardiology, gastroenterology, orthopedics, kidney care or specialties.

(c) Amounts in the Investment Fund shall be used solely for purposes of making capital investments in, or otherwise supporting the operations of, Carris in providing services in the geographic areas served by Rice Facilities as of the Possession Date.

5.13 Capital Investments.

(a) Carris will make such capital expenditures as are determined by the Carris Board to be necessary and appropriate for the provision of the scope of healthcare services at the Hospital and as are consistent with the service commitments referred to in Section 5.12 above. During the initial ten years of the Term, Carris shall invest at least \$32 million in aggregate in capital expenditures at the Hospital. Additional capital

expenditures by Carris may also be evaluated and funded if determined to be advisable by the Carris Board and CentraCare.

(b) The capital commitment set forth in this Section 5.13 shall be unconditional and is specifically not subject to any financial performance or profitability parameters of, or applicable to, Carris or CentraCare. The capital commitments are anticipated to be funded primarily through cash flow of Carris and Carris' cash and investment balances, including amounts in the Investment Fund. To the extent those sources are not adequate to fund the capital commitments, Carris may borrow funds to finance such capital expenditures or CentraCare will fund the additional amounts necessary to fully fund such capital commitments out of its own net cash flow and cash balances and, if necessary, from funds borrowed by CentraCare under its borrowing arrangements.

(c) CentraCare and Carris shall provide to the Rice Board written annual reports that identify the capital expenditures made during the relevant period and cumulative since the Possession Date. Carris shall provide such additional information as reasonably requested by the Rice Board in order to understand and confirm CentraCare's and Carris' fulfillment of its obligations under this Section 5.13.

5.14 Corporate Support. At the request of Carris, CentraCare shall provide requested corporate functions and services, including back office services, physician recruitment assistance, operational support services, and quality and patient safety programs to Carris on the same cost basis as such functions and services are provided to other hospitals owned and operated by CentraCare or its affiliates reflecting the proportional amount of services that CentraCare provides to Carris.

5.15 Branding. During the Term, Carris will operate the Hospital under the name "Rice Memorial Hospital." The name and logo of the Hospital may include references to CentraCare or Carris following the Possession Date and the Hospital's logo may be modified by Carris from time to time.

5.16 Rice Health Foundation. During the Term, Carris will (a) allow the Rice Health Foundation to continue to use space in the Leased Assets for its community programming efforts and meetings, without charge and on a schedule and level consistent with such efforts and meetings that occurred prior to entering into this Agreement; and (b) ensure that Rice Health Foundation receives administrative support commensurate with such support given by Hospital prior to entering into this Agreement. At its discretion, but subject to prior approval of the Rice Board and the Rice Health Foundation Board, Carris may consolidate the Rice Health Foundation with the CentraCare Health Foundation; provided, however, that in the event of such consolidation, all funds held by the Rice Health Foundation at the time of the consolidation will be dedicated exclusively for use in, and the benefit of, the Willmar area.

5.17 Rice Portraits. At all times during the Term, Carris will continue to display the three life-sized oil paintings of Lt Gov. Albert E. Rice, Sophia L. Rice, and Cushman Albert Rice in their current location at the Hospital or in such other locations in the Hospital as shall be

approved in advance by the Rice Board.

GENERAL COVENANTS OF CITY

The City hereby agrees and covenants with Carris to take the following actions during the Term (or such other period as may be specified below):

6.1 Operation in Ordinary Course. The City shall conduct Rice Operations from the date of this Agreement until the Possession Date in the ordinary course of business.

6.2 Consents and Notices. The City, prior to the Possession Date, shall obtain such consents and give such notices as may be required in connection with the assignment to Carris of the Assigned Contracts and the assumption by Carris of the Assumed Liabilities. The City shall provide Carris satisfactory evidence on or before the Possession Date that the City has obtained all such consents and given such notices.

6.3 Cooperation with Carris. The City shall cooperate reasonably with Carris in any manner necessary to enable Carris to fulfill its obligations and exercise its rights under this Agreement.

6.4 Update to Exhibits, Accounts Receivable, Accounts Payable Reports. No later than three (3) business days prior to the Possession Date, the City shall deliver to Carris (i) updated Exhibits to reflect any changes occurring since the date of this Agreement and (ii) updated accounts receivable and accounts payable reports.

6.5 Liens and Encumbrances. The City shall not suffer or permit any liens or encumbrances (other than any liens or encumbrances which may exist on the Possession Date) to be filed or exist against the Leased Assets except with the consent of Carris.

6.6 Sole and Exclusive Possession. Subject to satisfaction by Carris of its obligations under this Agreement, the City shall deliver to Carris sole and exclusive possession of the Leased Assets, and shall allow Carris to take and enjoy peaceful, quiet and undisputed possession of the Leased Assets, subject to the rights of third parties in such assets.

6.7 No Transfer. So long as Carris is not in default hereunder, the City shall not transfer its interest in the Leased Assets, except with the consent of Carris.

6.8 Eminent Domain. The City shall take no action to exercise the power of eminent domain or to cause any other governmental authority or person, firm or corporation acting under governmental authority to exercise such power over any of the Leased Assets.

ARTICLE VII

SALE, AFFILIATION, ASSIGNMENT, SUBLETTING AND IMPROVEMENTS

7.1 Restrictions on Sale of Leased Assets.

(a) During the Term, and so long as Carris is not in default hereunder, the City shall not, without first obtaining the prior affirmative consent of Carris, authorize any transaction providing for the sale or other disposition of any of the Leased Assets.

(b) During the Term, without the prior affirmative consent of the City, (i) Carris will not sell, convey or otherwise transfer any of the Leased Assets, other than for the disposition of obsolete or non-functional equipment, furnishings or other types of personal property that are replaced pursuant to Section 4.3 hereof in the normal course of business, and (ii) CentraCare will remain the sole member of Carris and will not sell, convey or otherwise transfer any of its membership in Carris or admit any other party as a member of Carris; provided, however that CentraCare may transfer its membership interests in Carris to an affiliate of CentraCare; provided that such transfer shall not relieve CentraCare from any of its obligations under this Agreement.

7.2 Assignment and Subletting. Except as otherwise provided in this Agreement, neither Carris nor CentraCare shall assign this Agreement or its rights, duties and obligations hereunder to a third party without the prior written consent of the City, and the City shall not assign this Agreement or its rights, duties and obligations hereunder to a third party without the prior written consent of CentraCare. Notwithstanding the foregoing, Carris may (i) sublet any portion of the Leased Assets or (ii) enter into a contract for the management of one or more departments of the Leased Assets, such as radiology or emergency room, in each instance to healthcare professionals or business entities having expertise in the operation of such departments, so long as such sublease or management contract is consistent with state and federal laws and regulations and the terms of the Hospital Bonds; provided, however, Carris shall not enter into a sublease, management contract, service contract, or similar arrangement that would give rise to “private business use” of the Leased Assets as defined in Section 141(b)(6) of the Code in an amount that would cause the Hospital Bonds to lose their tax-exempt status under the Code.

7.3 Improvements to the Leased Assets. From time to time Carris, at its cost and expense, may make improvements to the Leased Assets (“**Improvements to the Leased Assets**”) and such changes in and additions and alterations, structural or otherwise, to the Leased Assets which Carris deems necessary or desirable for Rice Operations, provided that:

(a) The design, specification and estimated cost of any material Improvements to the Leased Assets, shall be approved by the Rice Board (including submission of the Rice Board minutes to the City Council for approval) prior to the implementation of such Improvements to the Leased Assets; provided, however, that in the event the Rice Board does not approve any such Improvements to the Leased Assets within sixty (60) days after a written proposal with respect thereto is submitted by Carris to the Rice Board (which period may be extended by the number of days needed for Carris to provide the Rice Board with additional information relating to such proposal that the Rice Board reasonably requests), then Carris, at its option, may terminate this Agreement pursuant to Section 11.3(c).

(b) The work is performed in a good and workmanlike manner and in accordance with all applicable laws, ordinances, rules, and regulations;

(c) No improvement, change, alteration, modification or addition shall be made which impairs the structural soundness or diminishes the value of the Leased Assets;

(d) No construction, change, alteration, modification, or addition shall be undertaken until Carris has first procured and paid for all required municipal and other governmental permits and authorizations required by municipal departments and governmental subdivisions that have jurisdiction thereof;

(e) At all times during which any construction, change, alteration, modification, or addition is in process, there shall be maintained, at Carris' expense, builder's risk insurance, in an amount reasonably acceptable to the City, and worker's compensation insurance in accordance with laws governing all persons employed in connection with the construction, change, alternation, modification, or addition; and Carris shall likewise, at its own expense, maintain general public liability insurance for the mutual benefit of both Carris and the City, expressly covering the additional hazards due to the construction, change, alternation, modification, or addition; and

(f) All such Improvements to the Leased Assets shall be treated as Leased Assets for all purposes hereunder, provided, however, that in connection with the termination of this Agreement, the book value of the Improvements to the Leased Assets shall be treated as set forth in Section 11.4 of this Agreement.

ARTICLE VIII **DAMAGE, DESTRUCTION AND EMINENT DOMAIN**

8.1 Damage and Destruction. Subject to the requirements of the Hospital Bonds or other permitted indebtedness then in effect, in the case of damage or destruction by fire or other casualty of the Leased Assets, the following terms shall apply. In the event that the Leased Assets, or any portion thereof, is damaged or destroyed by any casualty, then to the extent of the proceeds of the property insurance maintained by Carris pursuant to Section 4.2, Carris shall rebuild and restore the Leased Assets to substantially their condition immediately prior to the damage or destruction, including, without limitation: (1) all mechanical, electrical, and plumbing systems serving the Leased Assets; (2) the heating, ventilation, and air conditioning systems serving the Leased Assets; (3) the roof, foundation, and interior and exterior windows and walls of the Leased Assets; and (4) all tenant improvements to the Leased Assets constructed prior to the date of such damage or destruction. The City shall have no obligation to repair any damage to, or to replace the Leased Assets or any of Carris' personal property, furnishings, fixtures, equipment, or other such property or effects of Carris, unless said damages are caused by the City's negligence or intentional wrongdoing. Carris shall commence the repairs required of it under this Section 8.1 within three hundred sixty five (365) days of the date of any damage or destruction, and the repairs shall be completed within two (2) years of commencement of repairs. In the event Carris is delayed in the commencement or completion of repairs by events beyond Carris' reasonable control, Carris' delay for commencement or completion of repairs shall be extended one day for each such day of delay. Notwithstanding anything to the contrary in this Section 8.1, in the event that the Leased Assets, or any portion thereof, is damaged or destroyed when less than twelve (12) months remain of the term of this Agreement, then Carris may, at its option, either (1) rebuild or restore the Leased Assets and repair the damaged portions thereof at its own expense as required above; or (2) terminate this Agreement effective as of the date the damage or destruction occurred, in which event all insurance proceeds shall be paid to the City, and the terms set forth in Section 11.4 shall apply to such termination. If Carris does not provide

the City with written notice of Carris' exercise of its option to terminate this Agreement in accordance with this Section 8.1 within one hundred eighty (180) days after the damage or destruction, Carris shall have waived its option to terminate this Agreement. If material damage or destruction occurs to the Leased Assets such that they cannot be fully and completely repaired and/or reconstructed for any reason within two (2) years of the casualty, or such that they are not fully and completely repaired and/or reconstructed for any reason within two (2) years of the casualty, and Carris has not exercised its option to terminate the Lease in accordance with this Section 8.1, then the City may terminate this Agreement upon one hundred eighty (180) days prior written notice to Carris, in which event all insurance proceeds shall be paid to the City, and the terms set forth in Section 11.4 shall apply to such termination.

8.2 . Eminent Domain. Subject to the requirements of the Hospital Bonds or other permitted indebtedness then in effect, in the case that title to or the temporary use of any portion of the Leased Assets shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority (each, a "Taking"), the following terms shall apply. The City shall receive all Taking awards attributable to the Leased Assets with no discount for the value of the leasehold interest created by this Agreement. In the event that the Leased Assets, or any portion thereof, is subject to any Taking, then Carris shall, at the City's sole option and using proceeds of the Taking received by and controlled by the City, rebuild and restore the Leased Assets to substantially their condition immediately prior to the Taking to the extent reasonably practical; provided, however, that any activity taken pursuant to this Section 8.2 to rebuild or restore Leased Assets shall be paid for solely by the Taking awards received by the City, and Carris shall have no additional or further obligations with respect to rebuilding or restoring the applicable Leased Assets. Carris shall commence the repairs required of it under this Section 8.2 within three hundred sixty five (365) days of the date of any Taking, and the repairs shall be completed within two (2) years of commencement of repairs. In the event Carris is delayed in the commencement or completion of repairs by events beyond Carris' reasonable control, Carris' delay for commencement or completion of repairs shall be extended one day for each such day of delay. Notwithstanding anything to the contrary in this Section 8.2, in the event that the Leased Assets, or any portion thereof, is subject to any Taking when less than twelve (12) months remain of the term of this Agreement, then Carris may, at its option, either (1) restore the Leased Assets and repair the damaged portions thereof as required above using the City's Taking proceeds; or (2) terminate this Agreement effective as of the date the damage or destruction occurred, in which event all Taking proceeds shall be paid to the City, as set forth in this Section 8.2. If Carris does not provide the City with written notice of Carris' exercise of its option to terminate this Agreement in accordance with this Section 8.2 within one hundred eighty (180) days after the Taking, Carris shall have waived its option to terminate this Agreement. If a Taking affects the Leased Assets such that they cannot be fully and completely repaired for any reason within two (2) years of the Taking, or such that they are not fully and completely repaired and/or reconstructed for any reason within two (2) years of the Taking, and Carris has not exercised its option to terminate the Lease in accordance with this Section 8.2, then the City may terminate this Agreement upon thirty (30) days prior written notice to Carris, in which event all Taking proceeds shall be paid to the City, and the terms set forth in Section 11.4 shall apply to such termination.

ARTICLE IX
REPRESENTATIONS AND WARRANTIES OF CITY

Except as otherwise noted in the City Disclosure Schedule, attached hereto as Exhibit 9, which is subject to updating by the City as of the Possession Date, the City hereby represents and warrants to Carris that the following representations and warranties are true and accurate as of the date hereof and as of the Possession Date:

9.1 Authority. The City has power and authority to execute and deliver this Agreement, and to carry out the transactions contemplated hereby and therein, respectively. The City Council, acting on behalf of the City in connection with this Agreement, is the properly appointed, acting, and duly authorized governing body of the City, and is acting in accordance with the provisions of the Act, or any successor or similar statute.

9.2 No Conflicts. The Agreement is duly executed and delivered and is a valid and legally binding obligation of the City enforceable in accordance with its respective terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, result in the creation of any lien, charge or encumbrance or the acceleration of any indebtedness or other obligation of the City, and are not prohibited by, in violation of or in conflict with any provisions of, and will not result in a default under or a breach of (i) any constitutional provision affecting the City, (ii) any ordinance, law or regulation, or (iii) any order, decree or judgment of any court or governmental agency to which the City or Rice is a party or is bound.

9.3 Bonds. The Hospital Bonds are the only bonds authorized and issued by the City which are outstanding as of the Possession Date and applicable to the Leased Assets.

9.4 Condition. Except as expressly stated in this Agreement, the City does not make any representations or warranties regarding the Leased Assets or the Transferred Assets, including any warranty as to merchantability or fitness for a particular purpose. Carris acknowledges that it is accepting the Transferred Assets and leasing the Leased Assets on an "AS IS," "WHERE IS" and "WITH ALL FAULTS" basis, based upon its own judgment.

REPRESENTATIONS AND WARRANTIES OF CARRIS AND CENTRACARE

Carris and CentraCare hereby represent and warrant to the City that the following representations and warranties are true and accurate as of the date hereof and as of the Possession Date:

10.1 Organization.

(a) CentraCare is a nonprofit corporation duly organized and in good standing under the laws of the State of Minnesota. CentraCare is an organization qualified under Section 501(c)(3) of the Code.

(b) Carris is a nonprofit limited liability company duly organized and in good standing under the laws of the State of Minnesota. As a single-member limited liability company of which the sole member is CentraCare, an organization qualified under Section 501(c)(3) of the Code, Carris is a disregarded entity that takes on the tax-exempt

status of CentraCare, its sole owner. Carris has the power to lease and to own assets and to carry on its business as contemplated under this Agreement.

10.2 Authority. CentraCare and Carris each has the power to execute and deliver this Agreement and to carry out the transactions contemplated hereby. All actions required to be taken by CentraCare and Carris to authorize the execution, delivery and performance of this Agreement and all transactions contemplated hereby have been duly and properly taken.

10.3 No Conflicts. This Agreement is duly executed and delivered and is a valid and legally binding obligation of CentraCare and Carris and is enforceable against them in accordance with its respective terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, result in the creation of any lien, charge or encumbrance, or the acceleration of any indebtedness or other obligation of CentraCare or Carris, and are not prohibited by, in violation of or in conflict with any provision of, and will not result in a default under or a breach of (i) the articles of incorporation and bylaws of CentraCare, articles of organization or Operating Agreement of Carris, or any contract, agreement or other instrument to which CentraCare or Carris is a party or is bound, (ii) any ordinance, law or regulation applicable to CentraCare or Carris, or (iii) any order, decree or judgment of any court or governmental agency to which CentraCare or Carris is a party or is bound.

ARTICLE XI **DEFAULT, TERMINATION AND TRANSFER**

11.1 Effect of Default by Carris or CentraCare. If (i) Carris or CentraCare fails to pay any Base Rent, Intergovernmental Transfer or other sum due under this Agreement and such failure continues for five (5) calendar days after written notice of such default from the City, (ii) Carris fails to perform any of its other material obligations under the terms of this Agreement and such failure continues for thirty (30) days after written notice of such default from the City (provided, however, that if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then Carris shall not be deemed to be in default if Carris commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion, and provided, further, if the default involves a hazardous condition Carris shall immediately after written notice commence and with diligence thereafter prosecute a cure to such default); (iii) Carris or CentraCare adopts a plan of dissolution or files for bankruptcy, liquidation or receivership, (iv) CentraCare or Carris breaches the provisions set forth in Article III or Section 5.1 of the Carris Operating Agreement, then the City shall have the right to (a) terminate this Agreement upon written notice to the Carris at any time after expiration of the applicable cure period, if any, or (b) enforce the terms of this Agreement or the foregoing provisions of the Carris Operating Agreement by invoking any other right or remedy allowed at law or in equity, including without limitation an action for specific performance. If an event of default, as defined in this Section 11.1, shall occur, CentraCare shall pay to the City, on demand, all expenses incurred by the City as a result thereof, including reasonable attorneys' fees, court costs and expenses actually incurred.

11.2 Effect of Default by the City. If the City fails to perform or pay, in a full and timely manner, any of its obligations under the terms of this Agreement and such failure

continues for thirty (30) days after written notice of such default from Carris provided, however, that if the nature of the default is such that more than thirty (30) days are reasonably required for its cure, then the City shall not be deemed to be in default if the City commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion, and provided, further, if the default involves a hazardous condition the City shall immediately after written notice commence and with diligence thereafter prosecute a cure to such default), then Carris shall have the right either to (a) terminate this Agreement upon written notice to the City at any time after expiration of the applicable cure period, if any, or (b) enforce the terms of this Agreement by invoking any other right or remedy allowed at law or in equity, including without limitation an action for specific performance.

11.3 Other Events of Termination. In addition to termination under Section 11.1 and 11.2 hereof, this Agreement will terminate:

- (a) At the expiration of the Initial Term, in the event Carris notifies the City that it does not intend to renew this Agreement by the time period set forth in Section 2.2;
- (b) At the expiration of the Renewal Term;
- (c) In the event Carris elects to terminate this Agreement pursuant to Section 7.3(a);
- (d) By either Carris or the City as provided in Sections 8.1 or 8.2; or
- (e) The Leased Assets are transferred to Carris pursuant to Section 11.5.

11.4 Effect of Termination.

(a) Upon the termination of this Agreement for any reason other than a transfer by the City to Carris of the Leased Assets pursuant to Section 11.5, in which case the provisions of Section 11.5 shall govern the termination process, the parties shall take all steps reasonably necessary to allow the City (or such other party as the City shall designate as a successor lessee and operator of the Rice Facilities) to immediately assume operations of the Rice Facilities so that there are no disruptions of services at the Rice Facilities, including, but not necessarily limited to, the following:

- (i) At soon as reasonably practicable, Carris shall surrender possession of all Rice Assets, including any improvements and additions thereto made pursuant to Sections 4.3 and 7.3, and, in the case of the Transferred Assets (including any Improved Transferred Assets and an amount of working capital equal to the Possession Date Working Capital (the “**Working Capital Reconciliation**”)) and the New Property, shall take all such steps as are necessary to convey title thereto, to the City or its designee, free and clear of all liens, security interests and encumbrances, other than those relating to the liabilities assumed by the City (or its designee) pursuant to paragraph (ii) below; provided however, that nothing in this Section 11.4(a)(i) shall be interpreted to require Carris to return any Transferred Assets in amounts, value, or condition, consistent with the amounts, value, or condition of the Transferred Assets as of the

Possession Date, including without limitation, the Rice Funds, except for the Working Capital Reconciliation.

(ii) The City (or its designee) will assume such contracts, leases, subleases, and other agreements to which Carris is a party relating to Rice Operations, and the liabilities of Carris thereunder, that the City (or such designee) consents to assume and, from and after the termination date the City (or its designee) shall resume responsibility for Rice Operations and maintenance of the Rice Assets;

(iii) The City (or its designee) will have the right to offer employment to all Carris employees who are employed at the Rice Facilities in substantially the same manner as described in Section 5.10 hereof and, in connection therewith, Carris will waive any non-competes or other restrictions imposed on its employees; and

(iv) The IP License shall expire.

(b) If this Agreement is terminated by Carris under Section 11.2 (uncured default by the City), then at the time the actions in Section 11.4(a) are consummated, the City shall pay Carris an amount equal to the book value of all capital investments made by Carris in the Rice Facilities pursuant to Section 4.3 and Section 7.3 hereof prior to the termination of the Agreement.

(c) If this Agreement is terminated by Carris under Section 11.3(c) hereof (failure of Rice Board to approve proposed Improvements to the Rice Facilities), or if this Agreement terminates under either Section 11.3(a) or (b) hereof due to the nonrenewal or expiration of the Term, then at the time the actions in Section 11.4(a) are consummated, the City shall pay Carris an amount equal to the book value of all capital investments made by Carris and CentraCare in the Rice Facilities pursuant to Section 4.3 and Section 7.3 hereof prior to the termination of the Agreement; provided, however, that any such payment shall be offset (but not below zero) by the amount by which the Investment Fund on such date is less than the amount of the Investment Fund on the Possession Date.

(d) For the purposes of Section 11.4(b) and (c), the book value of Carris' capital investments shall be the amounts recorded as such on Carris' books as the date of termination of this Agreement using Carris' historical methods of cost depreciation consistently applied.

(e) At City's request, CentraCare will provide transition services to the City (or its designee) on a fair market value basis for a period of one (1) year after termination of this Agreement to assist in the transition of Rice's Operations to the City or such designee. The terms of such transition services will be mutually agreed upon at the time of termination.

(f) Any proposed termination of this Agreement by the City only shall be effective upon the satisfaction of all obligations of the City set forth in this Section 11.4.

11.5 Potential Transfer of Leased Assets to Carris.

(a) Notwithstanding any other provision in this Agreement to the contrary, at any time after the tenth (10th) anniversary of the Possession Date, Carris may propose a transfer (the “**Transfer**”) of the Leased Assets from the City to Carris, by delivering a written proposal with respect thereto to the City. Any such Transfer shall be made, if at all, on terms and conditions mutually agreed to by Carris and the City, provided, however, in any such case Carris shall agree to:

(i) Pay all remaining principal, interest and other obligations of the City under the Hospital Bonds pursuant to Section 3.1(d) hereof on or before the effective date of the Transfer; and

(ii) Continue its commitments under Section 5.12 (Service Commitments) and Section 5.13 (Capital Investments) for an additional ten (10) years after the effective date of the Transfer.

Notwithstanding the foregoing, the terms of any Transfer under this Section 11.5 will not require the payment of any amounts by Carris to the City.

(b) Any such Transfer will be subject to the prior satisfaction of all then-applicable procedural requirements, including requirements set forth in the City charter or ordinances.

(c) In the event Carris and the City agree to the terms of a Transfer, the title to the Leased Assets will be conveyed by the City to Carris, free and clear of all liens and encumbrances (other than those associated with Assumed Liabilities, all of which will be retained by Carris), at a closing to be held at a date and time determined by agreement of Carris and the City. As of the effective time of such Transfer, this Agreement shall terminate; provided, however that the obligation of Carris to indemnify the City pursuant to Section 3.3 of this Agreement (and CentraCare’s guarantee of such obligation under the Guaranty) shall survive the effective date of the Transfer.

(d) In the event Carris and the City are unable to agree to the terms of a Transfer, then this Agreement will continue to remain in effect in accordance with its terms.

11.6 Enforcement of Carris and CentraCare Obligations by Rice Board.

(a) If, at any time after the Possession Date, the Rice Board makes a good faith determination that either Carris or CentraCare is in breach of its obligations hereunder, including but not limited to Sections 5.12 (Service Commitments) and 5.13 (Capital Commitments), then the Rice Board shall provide written notice thereof to Carris and CentraCare describing in reasonable detail the nature of the alleged breach and other information pertinent thereto (a “Breach Notice”). Upon receipt of a Breach Notice, representatives of CentraCare, Carris, and the Rice Board (along with their respective advisors) shall meet on a regular basis to discuss and resolve the alleged breach identified in the Breach Notice. If Carris, CentraCare and the Rice Board are unable to resolve the

alleged breach by Carris or CentraCare identified in the Breach Notice to the reasonable satisfaction of the Rice Board within sixty (60) days of the delivery of the Breach Notice, then the Rice Board may bring and pursue an Enforcement Action on behalf of, and in the name of, the City with respect thereto. The Rice Board shall have the exclusive right and authority to make any and all decisions with respect to the prosecution of such Enforcement Action, including the decision to engage or dismiss legal counsel representing the Rice Board and the City in connection therewith and decisions to enter into settlement negotiations and to make and accept settlement offers with respect thereto. CentraCare and Carris acknowledge and agree that the Rice Board has standing to assert and bring an Enforcement Action on behalf of the City; provided, however, that the Rice Board shall only be authorized to seek equitable relief on behalf of in the form of an injunction or specific performance and shall not be authorized to seek money damages from CentraCare or Carris (other than specific performance of an obligation involving the payment of money) with respect thereto. “Enforcement Action” means any lawsuit, alternative dispute resolution process or similar proceeding brought on behalf of the City by, and at the election of, the Rice Board pursuant to this Section 11.6 in order to enforce one or more of CentraCare’s or Carris’ commitments contained herein.

(b) In the event the Rice Board incurs expenses following the submission of a Breach Notice to enforce the covenants of this Agreement that results in the City prevailing in an Enforcement Action, CentraCare shall be fully responsible for the reasonable expenses incurred by the Rice Board in connection therewith. The Rice Board shall provide CentraCare with invoices and other written documentation evidencing the expenses incurred by it in connection with an Enforcement Action to the extent the City prevails in an Enforcement Action against CentraCare or Carris.

(c) Access to Information. The Rice Board shall be afforded reasonable access to all information that is reasonably necessary for it to carry out its duties and responsibilities under this Section 11.6, and the Rice Board and CentraCare shall provide or make available such information to the Rice Board as is reasonably requested by it for such purposes and will respond to all inquiries submitted by the Rice Board relating to compliance with the covenants set forth herein. Neither Carris nor CentraCare or their respective directors, officers, or other agents will be deemed in violation of any agreement protecting the confidentiality of information as a result of providing information to the Rice Board for proper purposes under this Section 11.6. All restrictions on the use and disclosure of Carris confidential information applicable to persons serving on the Carris Board, whether under Carris’ governing documents, contract or applicable law, will be applicable to the use and disclosure of information provided to the Rice Board pursuant to this Section 11.6.

11.7 No Termination. Neither Carris nor the City shall have the unilateral right to terminate this Agreement prior to the expiration of the Term, other than as set forth in this Article XI.

ARTICLE XII
CONDITIONS PRECEDENT TO CLOSING

The obligations of the parties under this Agreement are subject to the satisfaction, on or prior to the Possession Date, of the following conditions:

12.1 There shall have been no material breach by any party in the performance of any of their respective covenants in this Agreement, each of the representations and warranties of each of them contained or referred to in this Agreement shall be true and correct in all material respects on the Possession Date as though made on the Possession Date, and there shall have been delivered to each party their respective deliveries as described in Article XIII below;

12.2 No order shall have been entered in any action or proceeding before any court or governmental agency, and no preliminary or permanent injunction by any court shall have been issued which would have the effect of (i) making the transactions contemplated by this Agreement illegal; or (ii) otherwise preventing consummation of such transactions; and there shall have been no federal or state statute, rule or regulation enacted or promulgated that could reasonably, directly or indirectly, result in any of the consequences referred to in clauses (a) or (b) of this Section 12.2;

12.3 All necessary federal, state and local governmental approvals and consents, including the approval of the City of Willmar Planning Commission and City Council, shall have been obtained, without the imposition of any material conditions or restrictions and without the loss of any existing material waivers arising out of the closing of the transactions contemplated hereby;

12.4 If any governmental agency seeks to preliminarily enjoin the transactions contemplated hereby, either party may decide not to proceed further with the transactions; provided, however, that if both of the parties agree to contest such preliminary injunction, each party shall bear its own costs and expenses associated therewith;

12.5 All third party consents or waivers required to be obtained with respect to the proposed transactions shall have been obtained or waived;

12.6 The City shall have received consent of the bondholders of the \$9,100,000 Hospital Revenue Notes, Series 2013 (Rice Care Center Project);

12.7 The City shall have received an opinion of Kennedy & Graven LLP, as bond counsel.

12.8 The City Council and Rice Board shall have approved this Agreement.

12.9 No Material Adverse Change shall have occurred.

12.10 All Exhibits and Schedules in this Agreement provided for shall be complete in form and substance. The parties agree that the Exhibits hereto may be amended by the parties up to and including the Possession Date to reflect current information as of the Possession Date.

12.11 Consummation on or before the Possession Date of a transaction between Carris or CentraCare and ACMC pursuant to which Carris or CentraCare acquires the stock of ACMC, and the ACMC physicians and other providers become fully integrated with Carris or CentraCare.

Upon satisfaction or waiver of the foregoing conditions, the parties shall promptly execute a certificate acknowledging that each said condition has been either satisfied or waived.

ARTICLE XIII
POSSESSION DATE DELIVERIES

13.1 CentraCare and Carris Deliveries to the City. Carris shall deliver the following to the City on or before the Possession Date:

(a) Certificate of Good Standing of both CentraCare and Carris from the Minnesota Secretary of State.

(b) A certificate executed by the President of CentraCare, dated as of the Possession Date, stating that, to the best of his knowledge, all representations and warranties of CentraCare and Carris set forth in this Agreement are accurate and true as of the Possession Date.

(c) A certified copy of resolutions adopted by the Board of Directors of CentraCare, authorizing and approving the execution and performance of this Agreement by CentraCare and Carris.

CentraCare Carris also shall take any and all additional actions which may be reasonably necessary in order to complete the transaction on the Possession Date.

13.2 City Deliveries to CentraCare and Carris. The City shall deliver the following to CentraCare and Carris on or before the Possession Date:

(a) A certificate executed by the Mayor of the City, dated as of the Possession Date, stating that, to the best of his knowledge, all representations and warranties of the City set forth in this Agreement are accurate and true as of the Possession Date.

(b) A Bill of Sale, in a form mutually agreed upon by the parties, transferring the Transferred Assets to Carris as of the Possession Date.

(c) The updated Exhibits and accounts receivable and accounts payable reports described in Section 6.4.

(d) Evidence of all consents and notices required by Section 6.2.

(e) A certified copy of resolutions adopted by the City Council authorizing and approving the execution and delivery of this Agreement.

(f) An opinion of Kennedy & Graven LLP.

(g) Consent of the bondholders of the \$9,100,000 Hospital Revenue Notes, Series 2013 (Rice Care Center Project).

The City also shall take any and all additional actions which may be reasonably necessary in order to complete the transaction on the Possession Date.

13.3 Failure to Deliver. In the event that either party hereto fails to make any delivery required under this Article, the non-defaulting party may, at its option, declare this Agreement to be null and void as of the Possession Date, in which case all deliveries shall immediately be returned to the party making the delivery. Any failure not objected to shall be deemed waived immediately after the Possession Date.

ARTICLE XIV
MISCELLANEOUS

14.1 Notices and Payments. All notices, requests, demands, payments and other communications to be made hereunder shall be in writing and shall be deemed to have been duly given if either mailed by certified mail, return receipt requested, postage prepaid, or hand delivered and with such delivery evidenced by a signed receipt or sworn affidavit of the deliverer, as follows:

If to the City: City of Willmar
 333 Sixth Street SW
 P.O. Box 755
 Willmar, MN 56201
 Attention: City Administrator

If to Carris: Carris Health, LLC
 301 Becker Ave SW
 Willmar, MN 56201
 Attention: Chief Executive
 Officers

If to CentraCare: CentraCare Health System
 1406 Sixth Avenue N
 St. Cloud, MN 56303
 Attention: President
 With a copy to: General Counsel

or to such other address as either party hereto may request by such written notice. Any notice given in accordance with this Article shall be deemed to have been received either three (3) days after it was mailed or upon delivery, whichever first occurs.

14.2 Severability. If any provision of this Agreement or the application thereof is held invalid, such invalidity shall not affect other provisions or applications of this Agreement that

can be given effect without the invalid provisions or application, and to this end the provisions of this Agreement are declared to be severable.

14.3 Entire Agreement. This Agreement, the Affiliation Agreement and the Exhibits attached hereto and thereto (including documents contained in Exhibits that are fully executed and in accordance herewith), contains the entire understanding of the City and of Carris with respect to the transactions contemplated hereby and supersedes all other agreements and understandings among the City, Carris.

14.4 Amendment. This Agreement may be amended only by a written agreement authorized by the affirmative vote of the governing body of both CentraCare and the City and executed by the authorized representatives of both parties.

14.5 Governing Law and Venue. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Minnesota. Venue shall lie exclusively in Stearns County, Minnesota.

14.6 Counterparts. This Agreement may be executed simultaneously in two (2) or more counterparts, all of which together shall constitute one and the same Agreement.

14.7 Accounting Determinations. All accounting determinations required to be made under this Agreement shall be made in accordance with generally accepted accounting principles.

14.8 Successors and Assigns. All the terms, conditions, covenants, agreements and provisions of this Agreement shall inure to the benefit of and be binding upon the City, CentraCare and Carris and upon their respective personal representatives, heirs, successors and permitted assigns. All of the terms, conditions, covenants, agreements and provisions of this Agreement pertaining to the Leased Assets shall also be construed as covenants running with the land.

14.9 Authorization of Carris to Act. Notwithstanding any other provisions of this Agreement, the City hereby authorizes Carris, at its sole discretion, to obtain any and all zoning and/or building permits, tax divisions and certifications of tax exempt status, filing plats of subdivision, negotiated agreements with public and private utilities, and any and all other documents and/or approvals required by or from any governmental authority exercising jurisdiction over all or any part of the Leased Assets, as Carris, in its sole discretion, shall from time to time deem necessary or appropriate in order to carry out the health care purposes of Carris. Nothing in this Article shall be deemed or construed as in any way limiting or amending the obligations of the City under Section 6.3 to cooperate with Carris in any way necessary in order to enable Carris to exercise their rights hereunder, including without limitation, the obligation to sign any and all documents and to take any and all other steps necessary to accomplish any of the actions set forth in this Article.

14.10 Impossibility. Except for Carris' obligations under Section 3.1 and Carris' obligations under Article VIII, no party hereto shall be liable for any delay in performance or failure to perform when fire, flood, explosion, accident, unavailability of equipment, supplies, parts or materials, energy shortage, war, weather, casualty, act of God, sabotage, law or

government regulation, or any other cause reasonably beyond such party's control makes performance impossible despite the best efforts to perform by the party from whom performance is required.

14.11 No Third-Party Beneficiary. This Agreement is for the benefit solely of the City, CentraCare and Carris and their respective successors and permitted assigns (which shall include the City Indemnified Parties with respect to Section 3.3 hereof), and it shall give rise to no third party rights and shall not be enforceable by any other party (as a third party beneficiary or otherwise), including without limitation, rights related to (a) service commitments under Section 5.12 and (b) the Carris medical staff under Section 5.9(b).

14.12 Accounts Receivable. Some of the accounts receivable being or to be assigned and transferred are or may be due from governmental authorities or agencies, or intermediaries/agents thereof, under the programs commonly known as Medicare and Medicaid/Medical Assistance. To the extent those accounts receivable are not transferable or assignable, the assigning party shall collect those receivables and remit or endorse the receipts to the other promptly. Further, the assigning party hereby appoints the other as its attorney-in-fact to collect and endorse for payment of all the receivables being assigned and transferred in any way that the assigning party could collect them and endorse payment. This appointment is irrevocable, special and coupled with an interest.

14.13 Recordation. The parties agree to execute and file of record, on or before the Possession Date, either this Agreement or a memorandum of lease evidencing the existence of this Agreement, the Term, and the Leased Assets in this Agreement leased.

14.14 Non-Delegation. No provision of this Agreement shall be construed to permit or require the delegation by the City of any governmental function of the City.

14.15 Payment of City Expenses. Whether or not the transaction contemplated hereby closes, the parties hereby agree that the City shall be reimbursed for the reasonable legal fees and disbursements of Kutak Rock LLP in connection with its representation of the City out of the Rice Funds prior to the transfer thereof to Carris pursuant to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused their authorized representatives to execute this Agreement in their respective names effective as of the day and year first above written.

[Signature pages follow]

[Signature page 1 of 3]

CITY OF WILLMAR, MINNESOTA

By: _____
Marvin Calvin, Mayor

ATTEST:

Isaac Holland, City Administrator

NOTARY

STATE OF MINNESOTA)
 :
COUNTY OF KANDIYOHI)

The foregoing instrument was acknowledged before me this ____ of _____, 2017, by Marvin Calvin, who is the Mayor of the City of Willmar, and Isaac Holland, who is the City Administrator of the City of Willmar, on behalf of the City.

Notary Public

[Signature Page 2 of 3]

CARRIS HEALTH, LLC

By: _____

NOTARY

STATE OF MINNESOTA)
 :
COUNTY OF KANDIYOHI)

The foregoing instrument was acknowledged before me this ____ of _____,
2017, by _____, who is the _____ of Carris Health, LLC.

Notary Public

CENTRACARE HEALTH SYSTEM

By: _____

NOTARY

STATE OF MINNESOTA)
 :
COUNTY OF KANDIYOHI)

The foregoing instrument was acknowledged before me this ____ of _____,
2017, by _____, who is the _____ of CentraCare Health System.

Notary Public

GUARANTEE AGREEMENT

THIS GUARANTEE AGREEMENT is made and entered into this _____ day of _____, 2018, by CentraCare Health, a Minnesota non-profit corporation (“**Guarantor**”).

RECITALS

- A. Carris Health, LLC, a Minnesota non-profit limited liability company (“**Lessee**”), the City of Willmar, Minnesota, a home rule charter city of the third class (“**Lessor**”), and Guarantor are parties to that certain Operating Lease Agreement, dated _____, 2018 (the “**Lease**”), for that certain property commonly known as Rice Memorial Hospital, as more particularly described in the Lease.
- B. Guarantor is the sole member of Lessee and will realize a substantial benefit in such capacity as a result of the Lease.
- C. Lessee and Guarantor acknowledge that Lessee will rely entirely on the payments made to it under the Lease in order to satisfy its obligation to make debt service payments on certain long-term debt financing used by Lessor to finance improvement to the property being leased to Lessee under the Lease;
- D. Because Lessee is a newly formed entity, the parties to the Lease have required Guarantor to provide this Guaranty pursuant to Section 3.1(c) of the Lease.
- E. Unless the context clearly indicates the contrary, capitalized terms used but not defined in this Guaranty have the meanings assigned to them in the Lease.

AGREEMENT

Guarantor irrevocably and unconditionally agrees with the City as follows:

- 1. Guarantor guarantees, without the necessity of prior notice, the full and prompt payment of all rent and other sums and charges payable by Lessee under the Lease (including, without limitation, payment of all amounts payable under Section 3.1(a) and Section 3.1(b) of the Lease and all payment obligations that survive the expiration or earlier termination of the Lease).
- 2. Guarantor guarantees, without the necessity of prior notice, the due and punctual payment in full of any and all losses, damages and expenses incurred by Lessor and arising out of any default by Lessee in performing any of its obligations under the Lease.
- 3. Lessor may, in its sole discretion, without notice to or consent of Guarantor and without in any way affecting or terminating any of Guarantor’s obligations and liabilities hereunder, from time to time, (a) waive compliance with the terms of the Lease or any default thereunder; (b) grant any extension or renewal of the terms of the Lease; or (c) effect any release, compromise or settlement in connection therewith.

4. Guarantor's obligations under this Guaranty (a) shall be unconditional, without regard to the enforceability of the Lease or any other circumstance which might otherwise constitute a discharge of a guarantor or Lessee at law or in equity; (b) shall not be conditioned upon Lessor's pursuit of any remedy which it has against Lessee or any other person; and (c) shall survive and shall not be diminished, impaired or delayed in connection with (i) any bankruptcy, insolvency, reorganization, liquidation or similar proceeding relating to Lessee, its properties or creditors, (ii) any transfer, assignment, sublease or termination of Lessee's interest under the Lease, or (iii) expiration or termination of the Lease, to the extent that the applicable liability or obligation under the Lease accrued prior to the date of expiration or termination of the Lease or otherwise survives the termination or expiration of the Lease, provided that in the event Lessee's obligations under the Lease terminate due to Lessor's breach of the Lease then Guarantor shall have no ongoing obligations under this Guaranty.

5. All rights and remedies of Lessor under this Guaranty, the Lease, or at law or in equity, are separate and cumulative, and the exercise of one shall not limit or prejudice the exercise of any other such rights or remedies. Any waivers or consents by Guarantor as set forth in this Guaranty shall not be deemed exclusive of any additional waivers or consents by Guarantor which may exist in law or equity.

6. The obligations of the Guarantor under this Guarantee may not be assigned, including by operation of law, without the prior consent of the Lessor. This Guaranty shall be binding upon Guarantor, and Guarantor's successors and permitted assigns, and shall inure to the benefit of Lessor and its successors and assigns.

7. If any provision of this Guaranty is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Guaranty shall remain in full force and effect and shall be liberally construed in favor of Lessor in order to effect the provisions of this Guaranty.

8. Guarantor agrees that this Guaranty shall be governed by and construed according to the laws of the State of Minnesota and that Guarantor is subject to the jurisdiction of the courts of Stearns County, Minnesota.

9. Guarantor hereby represents and warrants to the City that:

(a) Guarantor is a nonprofit corporation duly organized and in good standing under the laws of the State of Minnesota and has the power to execute and deliver this Guaranty and to fulfill all of its obligations hereunder;

(b) All actions required to be taken by Guarantor to authorize the execution, delivery and performance of this Guaranty have been duly and properly taken and this Guaranty has been duly executed and delivered and is a valid and legally binding obligation of Guarantor enforceable in accordance with its terms; and

(c) The execution and delivery of this Guaranty does not, and the performance by Guarantor of its obligations hereunder will not, violate, conflict with, or result in a default under or a breach of (i) the articles of incorporation or bylaws of Guarantor or any contract, agreement

or other instrument to which Guarantor is a party or is bound, (ii) any ordinance, law or regulation to which Guarantor is subject, or (iii) any order, decree or judgment of any court or governmental agency to which Guarantor is a party or is bound.

Signature on Next Page

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered as of the day and year first above written.

CentraCare Health,
a Minnesota non-profit corporation

By: _____
Its: _____

CARRIS HEALTH, LLC

MEMBER CONTROL AND OPERATING AGREEMENT

THIS MEMBER CONTROL AND OPERATING AGREEMENT (the “**Operating Agreement**”) is made effective _____, 2018, by and between Carris Health, LLC, a Minnesota limited liability company (the “**Company**”), and the Member (as defined below) (collectively, the “**Parties**”).

BACKGROUND

A. The Parties have acted through their legal representatives as organizers of a limited liability company (“**LLC**”) under the laws of the State of Minnesota by filing the Articles of Organization (the “**Articles**”) for the Company pursuant to the Minnesota Revised Uniform Limited Liability Company Act, Chapter 322C of the Minnesota Statutes (the “**Act**”) on October 11, 2017 with the Secretary of State of the State of Minnesota;

B. Section 322C.0110 of the Act authorizes use of an operating agreement by the members of an LLC;

C. The Member is the sole member of the Company and wishes to enter into this Operating Agreement, which will constitute the Operating Agreement and a member control agreement under the Act; and

D. As of the date hereof, the Company is party to an Operating Lease Agreement (the “**Lease Agreement**”) with the City of Willmar regarding Rice Memorial Hospital (the “**Hospital**”).

NOW, THEREFORE, the Member and Company adopt the Operating Agreement and Member Control Agreement of the Company:

ARTICLE I
NAME, LOCATION, AND PURPOSE

1.1 Name. The name of the limited liability company shall be Carris Health, LLC.

1.2 Registered Office. The principal executive office and the registered office of the Company is 301 Becker Avenue SW, Willmar, MN 56201.

1.3 Purpose. The Company is organized and shall be operated exclusively for educational and charitable purposes, as contemplated and permitted by Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986, and as a nonprofit limited liability company under Minnesota Statutes, Section 322C.1101. Within the framework and limitations of the foregoing, the purposes for which the Company is formed, and the business and the objects to be carried on by it, are as follows:

(a) To establish and maintain an institution or institutions with permanent facilities to provide medical care and treatment.

(b) To carry on related educational activities as may be justified, desirable, and appropriate.

(c) To engage in any activities to promote the general health of all members of the community and improve the delivery of health care services.

(d) To promote and further the provision of health and medical care services to individuals with limited or no financial ability to pay for such services.

(e) To promote health and medical research and medical and allied health education.

(f) To establish and maintain permanent facilities to provide medical, nursing, spiritual, physical, social, or psychological care and services, including housing and outreach services, for the elderly and other persons who do not require acute hospital care.

(g) To provide such other services and programs as may, from time to time, be appropriate to accomplish the Company's charitable purpose.

1.4 Board-Managed. The Company shall be a "board-managed" limited liability company for purposes of the Act.

1.5 Restricted Activities. In carrying out the purposes stated in Section 1.3, the Company is restricted as follows:

(a) No part of the assets or income of the Company shall be used for objects or purposes which are not exclusively educational or charitable under Section 501(c)(3) of the Internal Revenue Code and the laws of the State of Minnesota. The Company shall not carry on propaganda or otherwise attempt to influence legislation to such extent as would result in the loss of exemption under Section 501(c)(3) of the Internal Revenue Code. The Company shall not participate in or intervene in (including the publication or distribution of statements) any political campaign on behalf of (or in opposition to) any candidate for public office.

(b) No compensation or payment shall be made or paid to any officer or member of the Board of Governors (each, a "**Governor**") of the Company, except as reimbursement for actual expenditures made on behalf of the Company or for reasonable compensation for services actually rendered. No part of the net earnings, nor assets of the Company, shall inure to the benefit of any private individual.

ARTICLE II
MEMBERSHIP

2.1 Member. The Company has no units and is organized on a membership basis. The sole member (the “**Member**”) of the Company is CentraCare Health System, a Minnesota nonprofit corporation.

2.2 Meetings. An annual meeting of the Member is not required. A regular meeting of the Member shall be held when requested by a majority of the Board of Governors, or by the Chair of the Board of Governors.

2.3 Special Meeting. A special meeting of the Member may be called at any time by the Chair and in the Chair’s absence, by any officer.

2.4 Time and Place. All regular and special meetings shall be held at the principal executive office of the Company at such date and time as is set by the Chair.

2.5 Action by Member. Any action required to be taken at any regular or special meeting of the Member may be taken by way of a resolution adopted at any regular or special meeting of the Board of Directors of the Member.

2.6 Limitation on Liability. The Member shall not be liable under a judgment, decree, or order of the court, or in any other manner, for a debt, obligation or liability of the Company, except as provided by law.

ARTICLE III
BOARD OF GOVERNORS

3.1 Number and Appointment.

(a) In accordance with Section 322C.0407, Subd. 4(1) of the Act , the activities and affairs of the Company shall be managed by a board of ten (10) governors (the “**Board of Governors**”) elected by the Member, as follows:

(i) Four (4) individuals, including two (2) individual residents of the City of Willmar, nominated by the Hospital Board of Directors (such four (4) Governors shall be referred to as the “**Rice Facilities Governors**”); provided, however, that prior to appointment to the Board of Governors, any individual nominated by the Hospital Board of Directors must first be approved by the Member;

(ii) Four (4) individuals, including one (1) individual who is an active member of the Hospital medical staff, nominated in the manner set forth in Section 3.1(g) (such four (4) Governors shall be referred to as the “**Aligned Physician Governors**”); provided, however, that prior to appointment to the Board of Governors, any individual nominated by ACMC must first be approved by the Member; and

(iii) Two (2) individuals nominated by the Member.

(iv) In addition, the Company Chief Executive Officers shall serve on the Board of Governors as *ex-officio*, non-voting members.

(b) A majority of the Governors shall be independent community Governors who are not members of the Hospital's Medical Staff or officers or employees of the Company.

(c) Upon the affirmative vote of at least seven (7) of the Board of Governors, which affirmative vote must include at least three (3) Aligned Physician Governors and three (3) Rice Facilities Governors (a "**Supermajority**"), and subject to the approval of the Member, the Board of Governors may be changed in number or composition, including without limitation expansion of the Board of Governors for purposes of facilitating appropriate consideration of the perspective and interests of new participants in Company, such as additional medical groups or community hospitals.

(d) The sale or lease of all or substantially all of the assets of the Company, any merger or consolidation of the Company, any dissolution or discontinuation of the business of the Company, any change in the Member of the Company or the addition of other members to the Company, or any other affiliation or consolidation of the Company with another organization where the Board of Governors ceases to have responsibility for managing the business and affairs of the Company shall require the affirmative vote of a Supermajority.

(e) With the exception of the Company Chief Executive Officers, who shall automatically become members of the Board of Governors upon assuming such position with Company, Governors shall be elected by the Member.

(f) The Rice Facilities Governors shall be nominated by the Hospital Board of Directors; provided, however, that any nominated candidate shall be subject to the approval of the Member, and election by the Member. Any vacancy in the Rice Facilities Governors, whether due to removal, resignation, death or disability, or failure to satisfy the residency requirement, shall be filled by nomination of the Hospital Board of Directors. A Rice Facilities Governor may fulfill the existing term that he or she is serving even if he or she ceases to meet the City of Willmar residency requirement under Section 3.1(a)(i) if he or she continues to be a resident of Kandiyohi County, Minnesota.

(g) The Aligned Physician Governors shall be nominated by a nominating committee composed of the then-current Aligned Physician Governors, two (2) members of the Board of Governors and six (6) at-large physician employees of Affiliated Community Medical Centers, P.A. ("**ACMC**") or this Company as its successor, who have completed at least two years of employment with ACMC or this Company; provided, however, that any nominated candidate shall be subject to the approval of the Member, and election by the Member.

(h) In the event the Member does not approve a candidate nominated by the Hospital Board of Directors under Section 3.1(f) or the nominating committee under

Section 3.1(g), the party(ies) making the initial recommendation will make an additional nomination in the manner set forth in Section 3.1(f) or Section 3.1(g), as applicable, until such time as a nominee is approved by the Member to become a Governor.

3.2 Quorum and Voting Requirements. A quorum for the transaction of business at any meetings of the Board of Governors shall consist of a majority of the Governors, including at least one (1) Rice Facilities Governor and one (1) Aligned Physician Governor. The affirmative vote of a majority of the Governors present in person or by telephone at a meeting at which a quorum is present shall be the action of the Governors.

3.3 Matters Reserved to Member. The following matters are reserved for action by the Member:

(a) Adoption of amendments to the Articles of Organization or the Operating Agreement, subject to the provisions of Section 5.1 of this Operating Agreement.

(b) Election and removal of Governors and executive management employees of the Company.

(c) Appointment, removal and periodic review of the Chief Executive Officers of the Company.

(d) Subject to satisfaction of the commitments of the Company contained in the Lease Agreement, approval of the Company's annual operating and capital budgets.

(e) Approval of the Company's strategic plans.

(f) Subject to satisfaction of the commitments of the Company contained in the Lease Agreement, approval of changes in clinical services to be furnished by or through the Company in its service area, provided that the Member will take into consideration guidance offered by the Hospital Board of Directors.

(g) Approval of the incurrence or guarantee of any form of indebtedness by the Company, including without limitation operating and capital leases, in excess of limits established from time to time by the Member.

(h) Approval of capital expenditures, whether budgeted or unbudgeted, as recommended by the Board of Governors, in excess of limits established from time to time by the Member.

(i) Approval of any plans of merger or consolidation of the Company with any third-party entity, or the sale, lease, mortgage, encumbering, or transfer of any Company assets in excess of limits established from time to time by the Member; provided, however, that the Member shall not approve any such transaction in violation of the Lease Agreement.

(j) Approval of any transaction which may affect the Company's status as an organization exempt from federal income taxation

(k) Subject to the terms of the Lease Agreement, approval of the discontinuation of the business, or the dissolution, of the Company.

3.4 Authority of Board of Governors. Subject to matters reserved to the Member pursuant to Section 3.3 of this Operating Agreement, the Board of Governors shall have responsibility for managing the business and affairs of the Company.

3.5 Terms and Term Limits. With the exception of the Chief Executive Officers of Company, the term of each Governor shall be for a period of three (3) years from the date of his or her election; provided, however, that the Member shall set the initial term of three (3) of the Governors at one (1) year and the initial term of three (3) Governors at two (2) years so that the terms of the Governors of than the Chief Executive Officers shall be staggered such that the terms of approximately one-third (1/3) of such Governors expire each year, and such that the terms of no more than two (2) Rice Facilities Governors and two (2) Aligned Physician Governors expire in any year. The term of the Chief Executive Officers shall run concurrently with such individual's or individuals' term as Chief Executive Officers of Company and shall terminate upon his or her termination from such position. With the exception of the Chief Executive Officers, a Governor may not serve more than four (4) terms (excluding partial terms served).

3.6 Resignation. A Governor may resign at any time by giving written notice to the Chair. The resignation is effective without acceptance when the notice is given unless a later effective time is specified in the notice. If a resignation is made effective at a later date, the vacancy may be filled before the effective date provided that the successor does not take office until the effective date.

3.7 Removal. A Governor may be removed without cause at any time by the Member.

3.8 Vacancy. A vacancy in a position of a Governor shall be filled by appointment made by the Member, subject to the nomination process in Section 3.1. The succeeding Governor shall serve the remaining term of the preceded Governor.

3.9 Place of Meeting. Meetings of the Board of Governors, regular or special, shall be held at the registered office of the Company, unless otherwise designated.

3.10 Meetings. The Board of Governor shall hold regular meetings not less often than once per calendar quarter. The Board of Governors shall determine a place, date, and time for regular meetings which shall be held at the registered office of the Company. Minutes of each meeting shall be taken.

3.11 Special Meetings. Meetings of the Board of Governors, other than the regular meetings, are referred to as "special" meetings and may be held upon notice given at least three days preceding the day for such meeting. Special meetings may be called by the Chair or by any two Governors.

3.12 Waiver of Notice. Notice of any meeting may be waived in writing by the person or persons entitled to such notice, whether before or after the time of such meeting, and shall be equivalent to the giving of such notice. Attendance of a Governor at such meeting shall

constitute a waiver of notice thereof, except where a Governor attends a meeting for the express purpose of objecting to the transaction of any business because such meeting is not properly convened. The business to be transacted at and the purpose of any meeting of the Board of Governors shall be specified in the notice, unless all Governors waive such notice.

3.13 Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Governors may be taken without a meeting by a written action signed by all of the Governors. The written action is effective when it has been signed by all of the Governors, unless a different effective time is provided in the written action.

3.14 Action by Remote Communication. A conference among Governors by a means of one or more remote communication through which all persons may participate is a meeting of the Governors, if the same notice is given of the conference as would be required for a meeting and if the number of persons participating in the conference is a quorum. Participation in a meeting by this means is personal presence at the meeting. A Governor may participate in a meeting of the Board of Governors by a means of conference telephone, or, if authorized by the Board of Governors, by such other means of remote communication, in each case through which the Governor, other persons participating, and all persons physically present at the meeting may participate with each other during the meeting. Participation in a meeting by this means is personal presence at the meeting.

3.15 Standard of Conduct. A Governor shall discharge the duties of the position of Governor in good faith, in a manner the Governor reasonably believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. A person who so performs those duties is not liable to the Company or the Member by reason of being or having been a Governor of the Company.

A Governor is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by: (i) one or more officers or employees of the Company whom the Governor reasonably believes to be reliable and competent in the matters presented; (ii) counsel, public accountants, or other persons as to matters that the Governor reasonably believes are within the person's professional or expert competence; or (iii) a committee of the Board of Governors upon which the Governor does not serve, duly established, as to matters within its designated authority, if the Governor reasonably believes the committee to merit confidence.

3.16 Duty of Loyalty. It is agreed that all Governors shall exercise their responsibility and duties to the Company with the highest level of fiduciary duty of care and loyalty to the Company, in a prudent business manner, and will take all actions and make all votes in good faith consistent with such duties. Subject solely to the foregoing, all Governors shall act on behalf of the Company in a manner consistent with their fiduciary duties of care and loyalty.

3.17 Presumption of Assent. A Governor who is present at a meeting of the Board of Governors when an action is approved by the Board of Governors is presumed to have assented to the action approved unless the Governor:

(a) Objects at the beginning of the meeting to the transaction of the business because the meeting was not properly called or convened and does not participate in the meeting, in which case the Governor is not considered to be present at the meeting;

(b) Votes against the action at the meeting; or

(c) Is unable to vote because the Governor has a material financial interest in the matter which is not disclosed of and approved of in accordance with Minnesota Statutes Section 317A.255 or a conflict of interest policy adopted by the Board of Governors.

3.18 Governors' Liability for Damage. To the extent provided by Minnesota Statutes Section 317A.257, any person who serves as a Governor, officer, member, or agent of the Company, without compensation, is not liable for an act or omission if the act or omission was in good faith, was within the scope of the person's responsibilities, and did not constitute willful or reckless conduct.

3.19 Committees. The Board of Governors may establish and appoint such standing or special committees as it deems necessary from time to time. If the Board of Governors appoints an Executive Committee, such committee shall include at least one (1) Rice Facilities Governor and one (1) Aligned Physician Governor. The charge to each standing or special committee shall be as determined by the Board of Governors in accordance with the strategic and operational objectives and requirements of the Company. No committee shall have authority to take any action outside the scope of its authorization or to exercise any power required to be exercised by the Board of Governors or the Member under the Act, the Articles, or this Operating Agreement unless that power is expressly delegated by the Board of Governors or the Member, as the case may be.

(b) The chair of each standing committee shall be a Governor. The chair of each special committee need not be a Governor.

(c) A majority of any committee shall constitute a quorum, and a majority of committee members present and voting at a meeting at which a quorum is present is necessary for committee action. A committee may act by unanimous consent in writing without a meeting.

ARTICLE IV **OFFICERS**

4.1 Officers. The officers shall consist of a Chair, Vice Chair Chief Executive Officer(s) and treasurer and, if the Governors deem necessary, one or more vice presidents, and such other officers and agents as it deems necessary for the operation and management of the Company who shall have the duties, powers, rights, and responsibilities as provided in the Operating Agreement or determined by the Board of Governors. There shall be two chief executive officers, one of whom shall be a physician and the other a non-physician, both employed by the Company, who shall perform their duties in a dyad relationship. The Board of Governors shall appoint the individuals serving, respectively, as the Hospital Chief Executive

Officer and the ACMC Chief Executive Officer immediately prior to the Possession Date as defined under the Lease Agreement.

4.2 Chair. The Chair shall:

- (a) Chair the meetings of the Board of Governors;
- (b) Maintain records of and, when necessary, certify proceedings of the Board of Governors and the Member; and
- (c) Perform other duties prescribed by the Board of Governors.

4.3 Vice Chair. The Vice Chair shall:

- (a) Preside as chair at the meetings of the Board of Governors when the Chair is absent;
- (b) Perform other duties as prescribed by the Board of Governors.

4.4 Chief Executive Officers. The chief executive officers shall:

- (a) Have general active management of the business of the Company;
- (b) See that all orders and resolutions of the Board of Governors are carried into effect;
- (c) Sign and deliver in the name of the Company contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated in the articles or Operating Agreement or by the Board of Governors to another officer or agent of the Company; and
- (d) Perform other duties prescribed by the Board of Governors.

4.5 Treasurer. The treasurer shall:

- (a) Keep accurate financial records for the Company;
- (b) Deposit money, drafts, and checks in the name of and to the credit of the Company in the banks and depositories designated by the Board of Governors;
- (c) Endorse for deposit notes, checks, and drafts received by the Company as ordered by the Board of Governors, making proper vouchers for the deposit;
- (d) Disburse corporate funds and issue checks and drafts in the name of the Company, as ordered by the Board of Governors;
- (e) Upon request, provide the Chair and the Board of Governors an account of transactions and of the financial condition of the Company; and

- (f) Perform other duties prescribed by the Board of Governors.

ARTICLE V
MISCELLANEOUS

5.1 Amendment to Articles and Operating Agreement. Amendment to the Articles of Organization and to this Operating Agreement shall be made with the approval of the Member the Board of Governors; provided, that and in the case of any amendment to Sections 3.1, 3.2, 3.3, 3.4, 3.19, and 5.1, and any amendment relating to a transaction described in Section 3.1(d), only upon the affirmative vote of Supermajority.

5.2 Indemnification. The Company shall indemnify its Governors, officers, and employees made or threatened to be made a party to a proceeding in such manner and to such extent as provided by Minnesota Statutes Section 322C.0408.

5.3 Overhead Allocations. During the term of the Lease, the Company agrees that any overhead or related charges of the Member in connection with services requested by the Board of Governors shall be mutually agreed to by the Board of Governors and the Member.

COMPANY:

Carris Health, LLC

By: _____

Its: Co-Chief Executive Officer

By: _____

Its: Co-Chief Executive Officer

MEMBER:

CentraCare Health System

By: _____

Its: _____

EXHIBIT 2
Affiliation Agreement

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (the “**Affiliation Agreement**”) made effective as of [____], 2017, among the **City of Willmar, Minnesota**, a Minnesota home rule charter city of the third class (the “**City**”), **Rice Memorial Board of Directors** (the “**Rice Board**”), **Carris Health, LLC**, a Minnesota nonprofit limited liability company (“**Carris**”), and **CentraCare Health System** (“**CentraCare**”), a Minnesota nonprofit corporation (collectively referred to herein as the “**Parties**”).

PREAMBLE

WHEREAS, City owns the real and personal property used to operate Rice Memorial Hospital, Rice Care Center, Rice Home Medical, Rice Hospice, referred to in this Affiliation Agreement as the “**Rice Facilities**.”

WHEREAS, CentraCare operates an integrated health delivery system consisting of The Saint Cloud Hospital and its operating division, St. Benedict’s Senior Community, CentraCare Health System - Melrose, CentraCare Health System - Long Prairie, CentraCare Health System - Sauk Centre, CentraCare Health - Monticello, CentraCare Health - Paynesville, and CentraCare Clinic, in this Affiliation Agreement referred to as the “**System**.”

WHEREAS, CentraCare has established a subsidiary limited liability company known as Carris Health, LLC, a Minnesota non-profit limited liability company. Carris will operate as a wholly-owned tax-exempt subsidiary of CentraCare, for purposes of coordinating and delivering high-quality and locally-focused inpatient, outpatient and professional healthcare services in west central Minnesota. Carris filed its Articles of Organization with the Minnesota Secretary of State on October 11, 2017, which are attached as Exhibit A.

WHEREAS, City wishes to engage CentraCare, through Carris, to operate the Rice Facilities as a part of the System.

WHEREAS, Carris shall oversee the operations of Rice Facilities in accordance with its Operating Agreement, this Affiliation Agreement, and the Lease referred to herein.

NOW, THEREFORE, in consideration of the mutual terms and conditions contained herein, the parties agree as follows:

ARTICLE I **ACTIONS AFTER EXECUTION**

Promptly following the execution of this Affiliation Agreement, the Parties agree as follows:

1.1 Carris Member Control and Operating Agreement; Carris Tax-Exempt Status. Carris shall adopt and approve its Member Control and Operating Agreement, in form and substance substantially similar to Exhibit B. Carris shall be an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “**Code**”), based on the tax-exempt status of CentraCare, its sole member.

1.2 Certificates.

(a) Each of CentraCare and Carris shall execute and deliver to the Rice Board and the City an Officer and Incumbency Certificate in form and substance reasonably satisfactory to the Rice Board, certifying as to, among other things as the Rice Board may reasonably require, (i) attached copies of organizational documents, certificates of good standing and resolutions authorizing the transactions contemplated herein, and (ii) the then-current officers of the applicable company, including the genuineness of their signatures.

(b) CentraCare shall execute and deliver to the Rice Board and the City a tax certificate in form and substance reasonably satisfactory to the Rice Board and the City, certifying as the matters set forth in Section 5.3 of the Lease and to such additional matters as, in the reasonable opinion of bond counsel, may be necessary to assure the continuing exemption from income tax of the interest on the Bonds.

1.3 Lease. Carris, CentraCare, and the City shall enter into an operating lease (the “**Lease**”) in the form attached as Exhibit D, by which Carris will lease the Leased Assets (as defined in the Lease) from the City and the City will transfer the Transferred Assets (as defined in the Lease), to Carris and CentraCare shall execute and deliver to City a Guarantee Agreement in the form attached as Exhibit E. The effective date of the Lease (the “**Possession Date**”) shall be January 1, 2018, or such earlier date as described in the Lease. Prior to the Possession Date, the City and Carris will update the Exhibits attached to the Lease.

ARTICLE II
ACTIONS ON THE POSSESSION DATE

Beginning on the Possession Date:

2.1 Operation of Rice Facilities. Subject to the conditions set forth in Article IV, on the Possession Date, the parties agree to transfer operation of the Rice Facilities to Carris in accordance with the terms of the Lease, and Carris agrees to operate the Rice Facilities pursuant to the terms of the Lease. All Rice Facilities’ assets leased pursuant to the terms of the Lease will be used in the fulfillment of the charitable missions of Carris, including the advancement of healthcare services in the Rice service area. Carris will observe all restrictions applicable to the Rice Facilities’ assets, including without limitation, continued use of the Rice name.

2.2 Rice Governance. The Rice Board will adopt the Amended and Restated Bylaws of Rice Memorial Hospital, which will remain in effect at all times during which Carris operates the Rice Facilities under the terms of the Lease, which Bylaws will reflect that the Rice Board will continue to have seven (7) voting members. CentraCare will have the right to appoint two (2) non-voting observers to the Rice Board, and the Carris Co-Chief Executive Officers each will be non-voting, *ex-officio* members of the Rice Board. The Rice Board will continue to conform to Minnesota state statutes, including the Minnesota open meeting laws.

2.3 Transfer of Rice Assets. The City will transfer to Carris certain operating assets and working capital with respect to the Rice Facilities pursuant to the terms of the Lease. On or prior to the Possession Date, the City will **[specify bond-related actions to be taken.]**

2.4 Carris Governance. Carris governance shall be as provided for in Carris' Member Control and Operating Agreement; specifically, the Board of Governors of Carris ("**Carris Board**") shall include ten (10) members, as follows: four (4) individuals, including two (2) individual residents of the City, nominated by the Rice Board of Directors (such four (4) members shall be referred to as the "**Rice Governors**"); four (4) individuals, including one (1) individual who is an active member of the Rice Memorial Hospital medical staff, nominated by Affiliated Community Medical Centers, P.A. ("**ACMC**") (such four (4) members shall be referred to as the "**Aligned Physician Governors**"); two (2) individuals appointed by CentraCare; and the Carris Chief Executive Officers as *ex-officio*, non-voting members; provided, however, that prior to appointment to the Carris Board, any individual nominated by the Rice Board or ACMC must first be approved by CentraCare. The majority of the Carris Governors shall be independent community members who are not members of Rice Memorial Hospital's Medical Staff or officers or employees of Carris. The names and terms of the initial Carris Board shall be as specified in Exhibit C, attached to and incorporated in this Affiliation Agreement by reference.

2.5 CentraCare Board. Two (2) Carris Board members proposed by the Carris Board, subject to approval by CentraCare and appointment by the CentraCare Board, will sit on the CentraCare Board; one (1) of these individuals will be a member of the Rice Board of Directors or other representative of the Willmar community approved by the Rice Board of Directors and one (1) of these individuals will be an Aligned Physician Governor approved by the Aligned Physician Governors of Carris.

2.6 Carris Executive Leadership. The Carris Board shall appoint the individuals serving, respectively, as the Rice Memorial Hospital Chief Executive Officer and the ACMC Chief Executive Officer immediately prior to the Possession Date to serve as the Co-Chief Executive Officers of Carris.

2.7 Commitment to Delivery of Services at Rice. During the term of the Lease, Carris agrees that it will continue to operate the Hospital in the City of Willmar as a licensed general acute care hospital and at minimum a Level 3 or such appropriate status trauma center and furnish such health care services as are deemed necessary and appropriate by the Carris Board of Governors (the "**Carris Board**") which services shall include inpatient beds, emergency department, surgery services, therapy services, ambulance services, and obstetrical services and will not materially limit, reduce or eliminate such core services without the prior approval of the Rice Board. Nothing herein shall limit in any manner the right and ability of Carris to perform any health care service at the Hospital that it may otherwise lawfully perform. During the term of the Lease, Carris and CentraCare shall work collaboratively to maintain and expand physician specialty services at Rice, which may include cardiology, gastroenterology, orthopedics, kidney care or specialties.

ARTICLE III **TREATMENT OF EMPLOYEES**

3.1 Carris Employment. The City and Carris intend that all Rice Facilities-dedicated City employees ("**Rice Facilities Employees**") will have the opportunity to transition from City

employment to Carris employment as of the Possession Date, subject to the process set forth in this Article III.

3.2 Process for Transition of Employment. Each employee of Rice who is actively employed or on a leave of absence from such active employment on the Possession Date will be offered employment by Carris, as applicable, with comparable position, hours and benefits, and at the wage or salary provided as of the Possession Date, subject only to the following pre-employment screening requirements: (i) professional licensure that is presently required for the position at Rice; (ii) criminal background check; (iii) immigration law compliance; and (iv) any other legally mandated requirements. Employees hired under this Article III are referred to as “**Transferred Employees.**” Continued employment of Transferred Employees by Carris will be subject to Carris’ policies and procedures.

3.3 Service Credit. Eligibility for benefits for Transferred Employees will begin on the first day of employment Carris. Carris shall treat employee service with Rice prior to the Possession Date as having been service with Carris and will waive, to the extent permitted by law, any length of service requirements, waiting periods, vesting periods or differential benefits based on length of service in any such employee benefit plans and defined contribution plans for which Transferred Employees may be eligible after the Possession Date.

3.4 PTO Credit. Carris will grant credit for all unused paid time off (“PTO”) accrued by Transferred Employees before the Possession Date, provided that such PTO credit effectively eliminates any claim for a payout of accrued PTO by such Transferred Employees. If a Transferred Employee does not consent to such credit, then the City will pay out all such accrued PTO as of the Possession Date, and the Transferred Employee will not be granted PTO credit.

3.5 Communication with Rice Facilities Employees. The City will cooperate in the distribution of communications from Carris to the Rice Facilities Employees. The City is not authorized to make any representations to the City’s employees as to the plans or intentions of Carris with respect to possible employment opportunities with Carris, the terms and conditions of employment that may be provided by Carris, or other factors related to any employment relationship with Carris. Nothing in this Affiliation Agreement shall create any rights in favor of any person not a party to this Affiliation Agreement, including the Rice Facilities Employees, or constitute an employment agreement or condition of employment for any employee of the City.

3.6 Assumption of Collective Bargaining Agreements. Carris will assume all collective bargaining agreements related to the Transferred Employees in place on the Possession Date, subject to adjustment to reflect the National Labor Relations Act (“NLRA”), and will fully comply with the NLRA.

3.7 WARN Notices. The City shall provide such notices as are required under the Federal WARN Act or under any similar state law.

ARTICLE IV **CONDITIONS TO AFFILIATION**

The obligations of the Parties are contingent upon the satisfaction of the following as of the Possession Date:

4.1 No Actions. There are no actions, suits, or proceedings, pending or threatened, against or affecting either party, at law or in equity, which, if adversely determined, would materially affect this Affiliation Agreement, the Lease, or the transactions completed by this Affiliation Agreement.

4.2 No Material Change. There has been no material change to the financial condition of the Rice Facilities and the bond financing relating to the Rice Facilities or a change to the physical condition of the Rice Facilities that will adversely affect the ability of the Rice Facilities to continue as a licensed hospital or skilled nursing facility.

ARTICLE V **CITY COVENANTS**

From the date of this Affiliation Agreement to the Possession Date of the Lease, the City agrees:

5.1 Provision of Information. To provide CentraCare with all financial and operation information and data relating to the Rice Facilities as CentraCare may reasonable request.

5.2 Satisfaction of Bond-Related Obligations. To make all principal and interest payments on all bonds that provided funding for the Rice Facilities and comply with all terms on provisions of such bonds so that no defaults shall occur. In addition, on or prior to the Possession Date, [**bond-related actions to be taken by the City**].

ARTICLE VI **MISCELLANEOUS**

6.1 Re-Transfer of Rice Facilities. It is the intent of the parties that Carris shall operate the Rice Facilities during the term of the Lease and return the Rice Facilities to the City in a manner which permits and facilitates the City's operation of the Rice Facilities upon termination of the Lease.

6.2 Annual Report to City. Carris will provide a report to the City Council and the Rice Board within one hundred eighty (180) days of the end of each year and on a more frequent basis as requested by the Rice Board (a) with respect to the fulfillment of by Carris of its obligations and covenants under Sections 5.12 and 5.13 of the Lease and such other information as the City or the Rice Board may reasonably request in order to understand and confirm Carris' fulfillment of such obligations and covenants, (b) audited financial statements of CentraCare within one hundred eighty (180) days of the end of each fiscal year of CentraCare, and (c) audited financial statements of Carris within one hundred eighty (180) days of the end of each fiscal year of Carris. Carris shall also timely provide any reports and information as necessary to meet the requirements and covenants of the Bond Documents.

6.3 No Amendment. Neither this Affiliation Agreement, nor any exhibit to this Affiliation Agreement, nor any of the covenants, provisions, terms, or conditions of this Affiliation Agreement to be kept or performed by either party shall be in any manner modified, amended, waived, or abandoned except by written instrument duly signed and delivered by the City and CentraCare.

6.4 Notices. Any notice or other communication or payment herein required or permitted to be given shall be deemed given if and when personally delivered in writing or if and when mailed in a sealed wrapper by United States registered or certified mail, postage prepaid, properly addressed to the address specified in Section 14.1 of the Lease.

6.5 Severability. If any term, condition, or provision of this Affiliation Agreement, or the application thereof to any person or circumstance, shall to any extent be held to be invalid or unenforceable, the remainder hereof, and any application of that term, provision, or condition other than that held invalid or unenforceable, shall not be affected thereby, and this Affiliation Agreement and all the terms, provisions, conditions, and applications thereof shall in all other respects continue to be effective and to be complied with to the full extent permitted by law.

6.6 Successors and Assigns. All of the covenants, provisions, terms, and conditions of this Affiliation Agreement shall be binding upon, inure to the benefit of, and be enforceable by and against the parties to this Affiliation Agreement and their respective successors and assigns. This Affiliation Agreement may only be assigned by CentraCare if there is an assignment of the Lease, and then only pursuant to the terms of the Lease.

6.7 Independent Covenants. Each covenant, agreement, obligation, term, condition, or other provision contained in this Affiliation Agreement shall be deemed and construed as a separate and independent covenant of the party bound by, undertaking or making the same, and not dependent on any other provision of this Affiliation Agreement unless otherwise expressly provided.

6.8 Authorization. The City and CentraCare jointly represent to each other that this Affiliation Agreement has been authorized by all appropriate actions of their respective governing bodies or boards.

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

6.10 Governing Law. This Affiliation Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota.

6.11 Assumed Name. After the Possession Date, the Rice Facilities may file with the secretary of state for the State of Minnesota an assumed name filing to reflect the name of Carris and its affiliation with the System. Such name shall be consistent with regulatory requirements.

6.12 No Third-Party Beneficiary. Nothing in this Affiliation Agreement shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature under or by reason of this Affiliation Agreement.

[The remainder of this page is intentionally blank. Signature page follows.]

CITY:

CITY OF WILLMAR, MINNESOTA

By: _____
Its: Mayor

By: _____
Ike Holland
Its: City Administrator

RICE BOARD:

RICE MEMORIAL HOSPITAL BOARD OF DIRECTORS

By: _____
Its: _____

CENTRACARE:

CENTRACARE HEALTH SYSTEM

By: _____
Its: _____

CARRIS:

CARRIS HEALTH, LLC

By: _____
Its: _____

LIST OF EXHIBITS

- Exhibit A Carris Articles of Organization
- Exhibit B Carris Member Control and Operating Agreement
- Exhibit C Carris Board of Governors
- Exhibit D Lease
- Exhibit E Guarantee Agreement

Extract of Minutes of a Meeting of the
City Council of the City of Willmar, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Minnesota, was duly held at the Municipal Utilities Building in said City on Monday, November 20, 2017, at 7:00 P.M.

The following members were present:

and the following were absent:

Member _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____

RESOLUTION APPROVING THE DEEMED REISSUANCE OF THE CITY OF WILLMAR
GENERAL OBLIGATION HOSPITAL REVENUE REFUNDING BONDS, SERIES 2012A
(RICE MEMORIAL HOSPITAL PROJECT) AND HOSPITAL REVENUE NOTES, SERIES
2013 (RICE CARE CENTER PROJECT) IN CONNECTION WITH A LEASE OF RICE
MEMORIAL HOSPITAL AND RELATED FACILITIES

The motion for the adoption of the foregoing resolution was duly seconded by member _____, and after full discussion thereof and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

RESOLUTION APPROVING THE DEEMED REISSUANCE OF THE CITY OF WILLMAR
GENERAL OBLIGATION HOSPITAL REVENUE REFUNDING BONDS, SERIES 2012A
(RICE MEMORIAL HOSPITAL PROJECT) AND HOSPITAL REVENUE NOTES, SERIES
2013 (RICE CARE CENTER PROJECT) IN CONNECTION WITH A LEASE OF RICE
MEMORIAL HOSPITAL AND RELATED FACILITIES

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

Section 1. Description of the Project and Lease.

(a) The City has heretofore issued its (i) General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) (the "Bonds") and (ii) Hospital Revenue Notes, Series 2013 (Rice Care Center Project) (the "Notes" and together with the Bonds the "Obligations"), to finance or refinance renovations and improvements to the Facilities, defined below.

(b) The City proposes to enter into a Lease (the "Lease"), with Carris Health, LLC, a Minnesota nonprofit limited liability company ("Carris") and CentraCare Health System, a Minnesota nonprofit corporation and the sole member of Carris ("CentraCare"). Under the terms of the Lease, Carris will lease and operate Rice Memorial Hospital, a 136-bed acute care hospital with services facility located at 301 Becker Avenue SW in the City and certain related health care facilities including Rice Hospice; Rice Care Center located at 1801 Willmar Ave. SW in the City; and Rice Home Medical facilities located at 1033 19th Avenue SW, Willmar, Minnesota; 115 18th Avenue W, Alexandria, Minnesota; 105 6th Avenue, Madison, Minnesota; and 1020 E Bridge Street, Redwood Falls, Minnesota (collectively, the "Facilities").

(c) The Lease, among other terms, will provide that Carris will comply with the requirements of the resolutions authorizing the issuance of the Obligations and that the rental payments to be made by Carris will equal or exceed the amount required to pay the principal of and interest when due on the Obligations. The principal of and interest on the Obligations are expected to be paid from the rental payments to be made by Carris under the Lease and the Lease payments are further guaranteed by CentraCare.

(d) The Lease is authorized under Minnesota Statutes, §447.47 and is permitted under Section 21.9 of the resolution authorizing the issuance of the Bonds and Section 20.9 of the resolution authorizing the issuance of the Notes.

Section 2. Tax-Exempt Status of the Obligations.

(a) The Obligations were not "private activity bonds," as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), when issued. Section 1.141-2(c) of the Treasury Regulations (the "Regulations") issued under the Code provides that bonds are private activity bonds if they meet the private business use test and private security or payment test of Section 141(b) of the Code. Section 1.141-2(d) of the Regulations provides that an issue of bonds will become an issue of private activity bonds if the issuer takes a deliberate action subsequent to the issue date that causes the conditions of the private business use test and the

private security or payment test to be met. The lease of the Facilities to Carris constitutes a deliberate action that causes the private business use test and the private security or payment test to be met.

(b) Section 1.141-12(a) of the Regulations provides that an action that causes the private business use test and the private security or payment test to be met will not be treated as a deliberate action if the issuer takes a remedial action described in the Regulations and if certain conditions are met.

(c) In order to prevent the Obligations from becoming private activity bonds the interest on which is included in gross income for purposes of federal income taxation, the City proposes to take the remedial action described in Section 1.141-12(f) of the Regulations and the City proposes to meet the requirements of Section 141-12(a)(1)-(5) of the Regulations.

(d) Based on the representations of the City and the transcript for the Notes, the City Council of the City hereby finds and determines that: (i) the City reasonably expected, on the date of issue of the Notes, that the Notes would meet neither the private business tests nor the private loan financing test for the entire term of the Notes; (ii) as of the issue date of the Notes, the weighted average maturity of the Notes was not greater than 120% of the average reasonably expected economic life of the property financed or refinanced with the proceeds of the Notes; and (iii) other than amounts held in a debt service reserve fund of the Notes, the entire principal amount of the Notes was expended on or before December 31, 2015, to (A) pay the costs of the renovation of the east wing of the long term care facility known as the Rice Care Center and the acquisition, construction and equipping of approximately four additional resident rooms to provide approximately 24 long-term single rooms, dining space, kitchen, and offices; (B) pay the costs of the renovation of the west wing of Rice Care Center and the acquisition, construction and equipping of approximately four additional resident rooms to provide approximately 24 long-term single rooms, dining space, kitchen, and offices; (C) pay the costs of the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen, (D) refund the outstanding principal amount of the City of Willmar Hospital Revenue Notes, Series 2011 (the "Prior Notes") and (E) pay the costs of issuing the Notes.

(e) Based on the representations of the City and the transcript for the Bonds, the City Council of the City hereby finds and determines that: (i) the City reasonably expected, on the date of issue of the Bonds, that the Bonds would meet neither the private business tests nor the private loan financing test for the entire term of the Bonds; (ii) as of the issue date of the Bonds, the weighted average maturity of the Bonds was not greater than 120% of the average reasonably expected economic life of the property financed or refinanced with the proceeds of the Bonds; and (iii) other than amounts held in a debt service reserve fund of the Bonds, the entire principal amount of the Bonds was expended on or before February 28, 2014 to refund in advance of maturity the \$43,645,000 principal amount of the City's outstanding General Obligation Hospital Revenue Bonds, Series 2002 (Rice Memorial Hospital Project), (the "Prior Bonds") and pay the costs of issuing the Bonds.

(f) The Lease is a bona fide, arms-length agreement that was entered into in good faith by the City and provides for the payment by Carris of the fair market value for its use of the

Facilities. In determining the fair market value of the Facilities, the City has taken into account the restrictions on the use of the Facilities under the terms of the Lease that serve a bona fide governmental purpose.

(g) The payments received by the City from Carris under the Lease will be treated by the City as “gross proceeds” (as defined in Section 148 of the Code) of the Obligations for purposes of Section 148 of the Code.

(h) The Facilities will be leased to Carris under the terms of the Lease and Carris will operate and manage the Facilities. Carris will not finance its obligations under the Lease, directly or indirectly, with the proceeds of another issue of tax-exempt bonds. Carris will not convey its interests in the Facilities or sublease the Facilities to any other person or entity unless such person or entity is an organization exempt from federal income taxation under Section 501(a) of the Code as a result of the application of Section 501(c)(3) of the Code. As of the effective date of the Lease, the Obligations will be treated as reissued for purposes of the Code, and the Obligations will satisfy all the applicable requirements for “qualified 501(c)(3) bonds” throughout the remaining term of the Obligations. All of the Base Rent or pursuant to a Prepayment Election (as those terms are defined in the Lease) derived by the City from the Lease will be applied to payment of the principal of and interest on the Obligations, to the extent due and payable, on the next available payment date on the Obligations after receipt of each payment under the Lease.

Section 3. Public Approval.

(a) As required by the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the City Council has held a public hearing on the date hereof on the proposed lease of the Facilities to Carris under the Lease. All persons attending the public hearing were provided an opportunity to speak or submit written materials. The public hearing was preceded by a public notice published at least 14 days prior to the public hearing in a newspaper of general circulation in the City.

(b) As required by Section 147(f) of the Code the City Council, as the elected legislative body of the City, hereby approves the deemed reissuance by the City of the Obligations in connection with the lease of the Facilities to Carris under the Lease.

(c) The officers of the City are hereby authorized to execute and deliver all instruments, certificates, and other documents necessary to maintain the tax-exempt status of the Obligations, including an Information Return for Tax-Exempt Private Activity Bond Issues, Form 8038.

(d) Prior to the effective date of the Lease, the officers of the City and City staff are authorized and directed to execute and deliver all instruments, certificates, and other documents necessary and to take all other action necessary to implement this Resolution and to satisfy the requirements of the resolutions authorizing the Obligations and all other covenants and agreements executed in connection with the issuance of the Obligations including, without limitation, obtaining consent from the holders of Notes, notifying the rating agency for the

Bonds, satisfying continuing disclosure requirements of the Bonds and satisfying any rebate requirements with respect to the Obligations.

Mayor

ATTEST:

City Clerk

STATE OF MINNESOTA
COUNTY OF KANDIYOHI
CITY OF WILLMAR

I, the undersigned, being the duly qualified and acting Clerk of the City of Willmar, Minnesota, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original thereof on file in my office, and that the same is a full, true and complete transcript of the minutes of a meeting of the City Council of said City duly called and held on the date therein indicated, insofar as such minutes relate to granting approval to the deemed reissuance by the City of the obligations pursuant to a lease of the hospital facilities to a nonprofit entity.

WITNESS my hand this ____ day of November, 2017.

Clerk



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Steve Okins, Finance Director	Subject: 2017 General Obligation Street Improvement Financing Series 2017A

AGENDA ITEM: 2017 General Obligation Street Improvement Series 2017A

INTRODUCTION/REQUEST: To introduce a resolution to finalize the 2017A Street Financing

HISTORY: Previous City Council action has approved the 2017 General Obligation Improvement Bonds, Series 2017A, in the amount of \$1,100,000.

CURRENT CIRCUMSTANCE: Introduce a resolution authorizing the sale of General Obligation Improvement Bonds Series 2017A Street Financing.

RECOMMENDATION: To introduce a resolution to finalize the 2017A Street Financing and to authorize the Pricing Committee to negotiate with local banks to price the financing. The criteria used will be not to exceed \$1,100,000 with an interest rate not to exceed 3.25%.

ISSUES: None.

FINANCIAL IMPACT: Issuing of \$1,100,000 of General Obligation Improvement Bonded Indebtedness to help finance the 2017 Street Improvements.

ALTERNATIVES: Not negotiate the issuing of bonds and seek public bidding of other financing.

RECOMMENDED MOTIONS: 1) To adopt a resolution finalizing the sale of General Obligation Improvement Bonds, Series 2017A, and appointing a Pricing Committee of the Mayor, City Administrator, and Finance Director.

REVIEWED BY: Finance Director Steve Okins/City Administrator Ike Holland

WORK SESSION DATE: N/A

COUNCIL MEETING DATE: November 20, 2017

Extract of Minutes of Meeting
of the City Council of the City of
Willmar, Kandiyohi County, Minnesota

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Minnesota, was duly held in the City Hall in said City on Monday, November 20, 2017, commencing at 7:00 P.M.

The following members were present:

and the following were absent:

* * *

* * *

* * *

Member _____ introduced the following written resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

RESOLUTION NO. ____

A RESOLUTION AUTHORIZING THE SALE OF GENERAL
OBLIGATION IMPROVEMENT BONDS, SERIES 2017A,
SUBJECT TO CERTAIN PARAMETERS;
FIXING THEIR FORM AND SPECIFICATIONS;
DIRECTING THEIR EXECUTION AND DELIVERY;
AND PROVIDING FOR THEIR PAYMENT

BE IT RESOLVED By the City Council of the City of Willmar, Kandiyohi County, Minnesota (the “City”) as follows:

Section 1. Sale of Bonds.

1.01. It is determined that:

(a) the assessable public improvements including the costs of various street and utility improvement projects (the “Improvements”) have been duly ordered by the City;

(b) the City is authorized by Minnesota Statutes, Chapter 429 (the “Improvement Act”) to finance all or a portion of the cost of the Improvements by the issuance of general obligation bonds of the City payable from special assessments levied against benefited property and ad valorem taxes;

(c) on November 6, 2017, the City Council adopted a resolution calling a public hearing on an Ordinance entitled “An Ordinance Authorizing the Issuance of \$1,100,000 General Obligation Improvement Bonds, Series 2017A, and Levying of Taxes to Secure the Payment Thereof” (the “Ordinance”);

(d) a public hearing on the adoption of the Ordinance was held this same date, and, following the public hearing the City Council adopted the Ordinance;

(e) the construction of the Improvements to be financed by the Bonds (as defined below) have heretofore been ordered;

(f) it is necessary and expedient to the sound financial management of the affairs of the City to issue its General Obligation Improvement Bonds, Series 2017A (the “Bonds”) in the approximate aggregate principal amount of \$1,100,000, subject to certain parameters provided herein, to provide financing for the Improvements pursuant to the Improvement Act to provide financing for the Improvements;

(g) the City hereby retains Springsted Incorporated (“Springsted”) to act as an independent municipal advisor for the purpose of reviewing the pricing fairness associated with the purchase and subsequent reoffering of the Bonds. It being thus determined that the City has

retained an independent financial adviser in connection with such sale, the City is authorized by Minnesota Statutes, Section 475.60, Subdivision 2(9) to negotiate the sale of the Bonds.

1.02 Pricing Committee. The City hereby establishes a pricing committee with respect to the Bonds comprising the Mayor (or a City Council member designated by the Mayor), the City Administrator and the City Finance Director (the "Pricing Committee"). The Pricing Committee is authorized and directed, upon satisfaction of the conditions for the issuance of the Bonds under the City Charter and with the advice of the City's municipal advisor, Springsted Incorporated, to (i) review proposals for the sale of the Bonds; (ii) award the sale of the Bonds to the prospective purchaser (the "Purchaser") in an aggregate principal amount not to exceed \$1,100,000, with a true interest cost not to exceed 3.25% and a final maturity not later than February 1, 2028; (iii) approve the dates for optional redemption or any mandatory sinking fund redemption schedule; and (iv) approve the tax levy for the repayment of the Bonds. The City hereby approves the sale of the Bonds to the Purchaser, at the price, maturity schedule, and rates to be determined by the Pricing Committee based on the lowest true interest cost.

1.03. Terms and Principal Amounts of the Bonds. The City will forthwith issue and sell the Bonds pursuant to Minnesota Statutes, Section Chapters 429 and 475 (collectively, the "Act"), in an aggregate principal amount not to exceed \$1,100,000 bearing interest as determined by the Pricing Committee, and maturing on February 1 in the years and amounts as determined by the Pricing Committee.

1.04. Optional Redemption. The City may elect to prepay Bonds on the dates to be determined by the Pricing Committee. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. Prepayments will be at a price of par plus accrued interest.

Section 2. Registration and Payment.

2.01. Registered Form. Each Bond will be issued as a single typewritten bond, only in fully registered form. The interest thereon and, upon surrender of each of the Bonds, the principal amount thereof, is payable by check or draft issued by the Registrar described herein.

2.02. Dates; Interest Payment Dates. The Bonds will be dated as of the date of delivery. The interest on the Bonds will be payable on the dates to be determined by the Pricing Committee and set forth in the Bonds to the registered owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not that day is a business day.

2.03. Registration. The City appoints the City Finance Director as bond registrar, transfer agent, authenticating agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the City and the Registrar with respect thereto are as follows:

- (a) Register. The Registrar must keep at its principal corporate trust office a bond register in which the Registrar provides for the registration of ownership of the Bonds and the registration of transfers and exchanges of the Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender for transfer of a Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until that interest payment date.

(c) Exchange of Bonds. When a Bond is surrendered by the registered owner for exchange the Registrar will authenticate and deliver one or more new Bonds of a like aggregate principal amount and maturity as requested by the registered owner or the owner's attorney in writing.

(d) Cancellation. Bonds surrendered upon transfer or exchange will be promptly cancelled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When a Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the Bond until the Registrar is satisfied that the endorsement on the Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar will incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name a Bond is registered in the bond register as the absolute owner of the Bond, whether the Bond is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Bond and for all other purposes, and payments so made to a registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. The Registrar may impose a charge upon the owner thereof for a transfer or exchange of Bonds sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to the transfer or exchange.

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

City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it is not necessary to issue a new Bond prior to payment.

(i) Redemption. In the event any of the Bonds are called for redemption, notice thereof identifying the Bonds to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first class mail (postage prepaid) to the registered owner of each Bond to be redeemed at the address shown on the registration books kept by the Registrar and by publishing the notice if required by law. Failure to give notice by publication or by mail to any registered owner, or any defect therein, will not affect the validity of the proceedings for the redemption of Bonds. The Bonds so called for redemption will cease to bear interest after the specified redemption date, provided that the funds for the redemption are on deposit with the place of payment at that time.

2.04. Execution and Delivery. The Bonds will be prepared under the direction of the City Finance Director and executed on behalf of the City by the signatures of the Mayor and the City Clerk, provided that all signatures may be printed, engraved or lithographed facsimiles of the originals. If an officer whose signature or a facsimile of whose signature appears on the Bonds ceases to be such officer before the delivery of the Bonds, that signature or facsimile will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Bonds have been so prepared and executed, the City Finance Director will deliver the same to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore made and executed, and the Purchaser is not obligated to see to the application of the purchase price.

Section 3. Form of Bonds.

3.01. Execution of the Bonds. The Bonds will be printed or typewritten in substantially the form as shown in EXHIBIT A.

3.02. Approving Legal Opinion. The City Finance Director will obtain a copy of the proposed approving legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, which will be complete except as to dating thereof and will cause the opinion to be printed on or accompany the Bonds.

Section 4. Payment; Security; Pledges and Covenants.

4.01. (a) Debt Service Fund. The Bonds are payable from the General Obligation Bonds, Series 2017A Debt Service Fund (the "Debt Service Fund") hereby created. The Finance Director will timely deposit the special assessments (the "Assessments") and taxes (the "Taxes") levied or to be levied for the Improvements, which Assessments and Taxes are pledged to that account of the Debt Service Fund. If any payment of principal or interest on the Bonds will become due when there is not sufficient money in the Debt Service Fund to pay the same, the City Finance Director is directed to pay such principal or interest from the general fund of the City, and the general fund will be reimbursed for such advances out of the proceeds of Assessments and Taxes when received.

(b) Construction Fund. The proceeds of the Bonds, less the appropriations made in paragraph (a), together with any other funds appropriated during the construction of the Improvements financed by the Bonds will be deposited in a separate construction fund (the "Construction Fund") to be used solely to defray expenses of the Improvements and the payment of principal and interest on the Bonds prior to the completion and payment of all costs of the Improvements. Any balance remaining in the Construction Fund after completion of the Improvements may be used to pay the cost in whole or in part of any other improvement instituted under the Act or be deposited in the Debt Service Fund.

4.02. Covenants. It is hereby determined that the Improvements will directly and indirectly benefit abutting property, and the City hereby covenants with the holders from time to time of the Bonds as follows:

(a) The City has caused or will cause the Assessments for the Improvements to be promptly levied so that the first installment will be collectible not later than 2018 and will take all steps necessary to assure prompt collection, and the levy of the Assessments is hereby authorized. The City Council will cause to be taken with due diligence all further actions that are required for the construction of each Improvement financed wholly or partly from the proceeds of the Bonds, and will take all further actions necessary for the final and valid levy of the Assessments and the appropriation of any other funds needed to pay the Bonds and interest thereon when due.

(b) In the event of any current or anticipated deficiency in Assessments and Taxes, the City Council will levy additional ad valorem taxes in the amount of the current or anticipated deficiency.

(c) The City will keep complete and accurate books and records showing: receipts and disbursements in connection with the Improvements, Assessments and Taxes levied therefor and other funds appropriated for their payment, collections thereof and disbursements therefrom, monies on hand and, the balance of unpaid Assessments and Taxes.

(d) The City will cause its books and records to be audited at least annually and will furnish copies of such audit reports to any interested person upon request.

4.03. Pledge of Taxes. It is determined that at least 20% of the cost of the Improvements will be specially assessed against benefited properties. For the purpose of paying the principal of and interest on the Bonds, there is levied a direct annual irrevocable ad valorem tax (the "Taxes") upon all of the taxable property in the City, which will be spread upon the tax rolls and collected with and as part of other general taxes of the City. The taxes will be credited to the Debt Service Fund above provided and will be in the years and amounts as to be set for in the certificate of the Pricing Committee.

4.04. Certification as to Debt Service Fund Amount. It is hereby determined that the estimated collections of Assessments and the foregoing Taxes will produce at least 5% in excess of the amount needed to meet when due the principal and interest payments on the Bonds. The

tax levy herein provided is irrevocable until the Bonds are paid, provided that at the time the City makes its annual tax levies the Finance Director may certify to the County Auditor of Kandiyohi County the amount available in the Debt Service Fund to pay principal and interest due during the ensuing year, and the County Auditor will thereupon reduce the levy collectible during such year by the amount so certified.

4.05. County Auditor Certificate as to Registration. If no Certificate of Intent is filed in accordance with Section 7.04(j) of the City Charter within 15 days after adoption of this resolution, the Clerk is hereby directed to file a certified copy of this resolution and a copy of the certificate of the Pricing Committee with the County Auditor of Kandiyohi County, Minnesota, together with such other information as he or she shall require, and to obtain the County Auditor's certificate that the Bonds have been entered in the County Auditor's Bond Register, and the tax levy required by law has been made.

Section 5. Authentication of Transcript.

5.01. City Proceedings and Records. The officers of the City are authorized and directed to prepare and furnish to the Purchaser and to the attorneys approving the Bonds, certified copies of proceedings and records of the City relating to the Bonds and to the financial condition and affairs of the City, and such other certificates, affidavits and transcripts as may be required to show the facts within their knowledge or as shown by the books and records in their custody and under their control, relating to the validity and marketability of the Bonds, and such instruments, including any heretofore furnished, will be deemed representations of the City as to the facts stated therein.

5.02. No Official Statement or Prospectus. It is determined that no official statement or prospectus has been prepared or circulated by the City in connection with the sale of the Bonds and that the Purchaser has made its own investigations concerning the City as set forth in an investment letter of even date, receipt of which is hereby acknowledged.

Section 6. Tax Covenant.

6.01. Tax-Exempt Bonds. The City covenants and agrees with the holders from time to time of the Bonds that it will not take or permit to be taken by any of its officers, employees or agents any action which would cause the interest on the Bonds to become subject to taxation under the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, in effect at the time of such actions, and that it will take or cause its officers, employees or agents to take, all affirmative action within its power that may be necessary to ensure that such interest will not become subject to taxation under the Code and applicable Treasury Regulations, as presently existing or as hereafter amended and made applicable to the Bonds.

6.02. Rebate. The City will comply with requirements necessary under the Code to establish and maintain the exclusion from gross income of the interest on the Bonds under Section 103 of the Code, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Bonds, and the rebate of excess investment earnings to the United States if the Bonds (together with other

obligations reasonably expected to be issued in calendar year 2017) exceed the small-issuer exception amount of \$5,000,000.

6.03. Not Private Activity Bonds. The City further covenants not to use the proceeds of the Bonds or to cause or permit them or any of them, or the Improvements, to be used, in such a manner as to cause the Bonds to be “private activity bonds” within the meaning of Sections 103 and 141 through 150 of the Code.

6.04. Qualified Tax-Exempt Obligations. In order to qualify the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code, the City makes the following factual statements and representations:

(a) the Bonds are not “private activity bonds” as defined in Section 141 of the Code;

(b) the City designates the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code;

(c) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds which will be issued by the City (and all subordinate entities of the City) during calendar year 2017 will not exceed \$10,000,000; and

(d) not more than \$10,000,000 of obligations issued by the City during calendar year 2017 have been designated for purposes of Section 265(b)(3) of the Code.

6.05. Procedural Requirements. The City will use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designations made by this section.

Section 7. No Requirement of Continuing Disclosure. The Purchaser need not comply with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). Consequently, the City will not enter into any undertaking to provide continuing disclosure of any kind with respect to the Bonds.

Section 8. Defeasance. When all of the Bonds and all interest thereon have been discharged as provided in this section, all pledges, covenants and other rights granted by this resolution to the holders of the Bonds will cease, except that the pledge of the full faith and credit of the City for the prompt and full payment of the principal of and interest on the Bonds will remain in full force and effect. The City may discharge the Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full. If any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit.

The motion for the adoption of the foregoing resolution was duly seconded by Member _____, and upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
)
COUNTY OF KANDIYOHI) SS.
)
CITY OF WILLMAR)

I, the undersigned, being the duly qualified and acting City Clerk of the City of Willmar, Kandiyohi County, Minnesota, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the City Council of the City held on November 20, 2017 with the original minutes on file in my office and the extract is a full, true and correct copy of the minutes insofar as they relate to the issuance and sale, subject to certain parameters, of the \$1,100,000 General Obligation Improvement Bonds, Series 2017A of the City.

WITNESS My hand officially as such Clerk and the corporate seal of the City this _____ day of November, 2017.

City Clerk
Willmar, Minnesota

(SEAL)

EXHIBIT A
FORM OF BOND

No. R-__ UNITED STATES OF AMERICA \$_____
STATE OF MINNESOTA
COUNTY OF KANDIYOHI
CITY OF WILLMAR

GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2017A

<u>Rate</u>	<u>Maturity</u>	<u>Date of Original Issue</u>
_____%	February 1, 20__	____ 1, 2017

REGISTERED OWNER:

The City of Willmar, Minnesota, a duly organized and existing municipal corporation in Kandiyohi County, Minnesota (the "City"), acknowledges itself to be indebted and for value received hereby promises to pay to _____, or registered assigns, in the manner hereinafter set forth, the principal sum of \$_____, on the February 1 in the years and in installment amounts as follows:

<u>Date</u>	<u>Installment</u>	<u>Date</u>	<u>Installment</u>
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with interest thereon from the date hereof at the annual rate of ____% per annum, payable February 1 and August 1 in each year, commencing February 1, 20__. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

The City may elect on February 1, 20__, and on any day thereafter to prepay Bonds due on or after February 1, 20__. Redemption may be in whole or in part and if in part, at the option of the City and in such manner as the City will determine. Prepayments will be at a price of par plus accrued interest.

This Bond is one of an issue in the aggregate principal amount of \$1,100,000 all of like original issue date and tenor, except as to number and redemption privilege, all issued pursuant to a resolution adopted by the City Council on November 20, 2017 (the "Resolution"), for the purpose of providing money to finance certain local improvements, pursuant to and in full conformity with, the City's Charter, the Constitution and the laws of the State of Minnesota, including Minnesota Statutes, Chapters 429 and 475 and the principal hereof and interest hereon are payable in part from special assessments levied against property specially benefited by local improvements, and in part from ad valorem taxes for the City's share of the cost of the improvements, as set forth in the Resolution to which reference is made for a full statement of rights and powers thereby conferred. The full faith and credit of the City are irrevocably pledged for payment of this Bond and the City Council has obligated itself to levy additional ad valorem taxes on all taxable property in the City in the event of any deficiency in special assessments and taxes pledged, which taxes may be levied without limitation as to rate or amount. The Bonds of this series are issued only as fully registered Bonds in denominations of \$100,000 plus any integral multiple of \$1,000 in excess thereof.

The City Council has designated the issue of Bonds of which this Bond forms a part as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code") relating to disallowance of interest expense for financial institutions and within the \$10 million limit allowed by the Code for the calendar year of issue.

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Finance Director of the City of Willmar, Minnesota (the "Registrar"), by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney; and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar will be affected by any notice to the contrary.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the City's Charter, the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed preliminary to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required, and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional, statutory, or charter limitation of indebtedness.

This Bond is not valid or obligatory for any purpose or entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon has been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Willmar, Kandiyohi County, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile or manual signatures of the Mayor and City Clerk and has caused this Bond to be dated as of the date set forth below.

Dated: _____, 2017

CITY OF WILLMAR,
MINNESOTA

City Clerk

Mayor

PROVISIONS AS TO REGISTRATION

The ownership of the principal of and interest on the within Bond has been registered on the books of the Registrar in the name of the person last noted below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
_____, 2017	_____ Federal ID #	_____

STATE OF MINNESOTA
COUNTY OF KANDIYOHI

COUNTY AUDITOR'S
CERTIFICATE AS TO
TAX LEVY AND
REGISTRATION

I, the undersigned County Auditor of Kandiyohi County, Minnesota, hereby certify that a resolution adopted by the City Council of the City of Willmar, Minnesota, on November 20, 2017, and the accompanying Certificate of Pricing Committee levying taxes for the payment of its \$_____ General Obligation Improvement Bonds, Series 2017A, dated as of date of delivery, has been filed in my office and said obligations have been registered on the register of obligations in my office and that such tax has been levied as required by law.

WITNESS My hand and official seal this _____ day of November, 2017.

(SEAL)

County Auditor
Kandiyohi County, Minnesota

Deputy



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Megan M. DeSchepper, Planner/Airport Manager	Subject: Kwik Trip utility easement vacation

AGENDA ITEM: Public hearing on a utility easement vacation Kwik Trip.

INTRODUCTION/REQUEST: Kwik Trip, Inc., LaCrosse, WI, petitioned for a vacation of a utility easement on property described as follows: the westerly 5’ of Lot 2, Block 1, First Minnesota Addition.

HISTORY: A portion of the easement goes under the existing old mills auto building. Kwik trip plans on demolishing the building and rebuilding in a new location, the easement is no longer needed.

CURRENT CIRCUMSTANCE: Municipal Utilities and the private utility providers were contacted about the request, there were no issues with removal of the easement or relocation of services. Planning Commission reviewed the request and adopted a resolution recommending vacation

RECOMMENDATION: Staff recommends adoption of a resolution vacating the utility easement.

ISSUES: N/A

FINANCIAL IMPACT: Any utility relocation costs would be borne by the developer.

ALTERNATIVES:

1. Hold the matter for further information.
2. Not adopt the resolution for a hearing on the petition.

RECOMMENDED MOTION: Motion to adopt the resolution vacating the utility easement as petitioned.

REVIEWED BY: Bruce D. Peterson, Director of Planning and Development Services

WORK SESSION DATE: N/A

COUNCIL MEETING DATE: Introduction November 6, 2017, Public Hearing November 20, 2017.

___ CONSENT AGENDA X AGENDA

RESOLUTION NO. _____

VACATING A PORTION OF A UTILITY EASEMENT

Motion By: _____ Second By: _____

WHEREAS, the vacation of that portion of the utility easement as described below was petitioned by the Kwik Trip:

Legal description to vacate a portion of the utility easement as follows: The westerly 5' of Lot 2, Block 1, First Minnesota Addition

WHEREAS, the proposed vacation has been approved by the Planning Commission of the City of Willmar; and

WHEREAS, mailed notice of the proposed vacation was sent to Willmar Municipal Utilities and affected private utility companies as per by Subdivision 6 of Section 9.01 of Subdivision 4.A. of the Willmar City Charter; and

WHEREAS, the City Council of Willmar finds that it is in the best interest of the City of Willmar to vacate that portion of said utility easement;

NOW, THEREFORE, BE IT RESOLVED, that the above described portion of dedicated utility easement be, and hereby is, vacated.

BE IT FURTHER RESOLVED that a certified copy of the Resolution be filed with the Kandiyohi County Recorder on or after the 20th day of November, 2017.

Dated this 20th day of November, 2017.

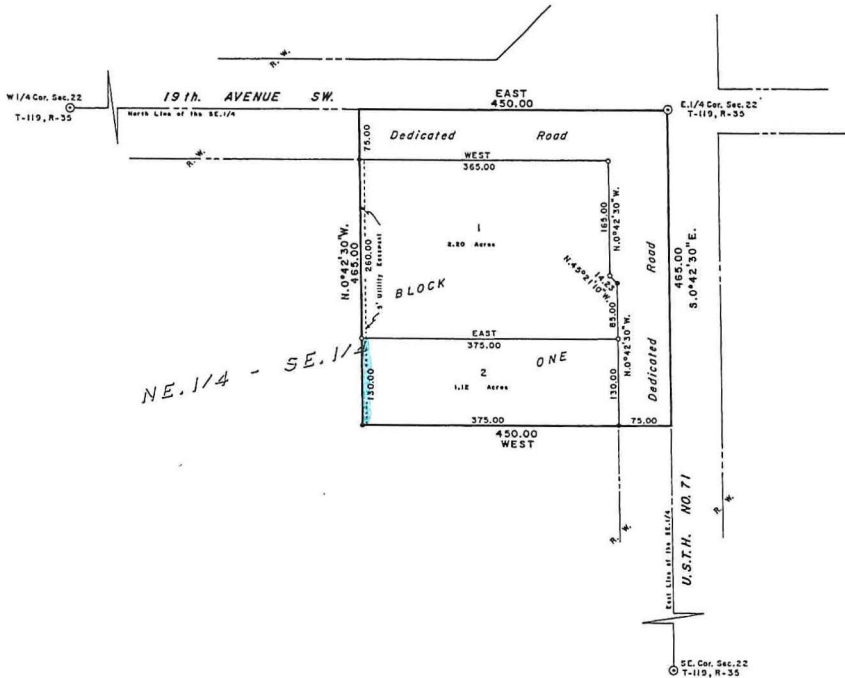
MAYOR

Attest:

CITY CLERK

FIRST MINNESOTA ADDITION

PART OF THE NE.1/4-SE.1/4, SECTION 22, T-119, R-35, CITY OF WILLMAR
KANDIYOHI COUNTY, MINNESOTA



NE.1/4 - SE.1/4

Prepared by: Byron Dahle
Land Surveyors
Willmar, Minnesota

Developer: First Minnesota Saving Bank
Willmar, Minnesota

LOCATION MAP
Sec. 22, T-119, R-35



SCALE 1" = 100'

- ⊙ Indicates Kandiyohi Co. Cast Iron Monu.
- Indicates Iron Monument Found.
- Indicates Iron Pipe Monument Placed With Minn. Reg. No. 10396 Inserted Therein.

Orientation of this bearing system is assumed.

Total Area = 4.80 Acres ±

KNOW ALL MEN BY THESE PRESENTS: that First Minnesota Savings Bank, F.S.B., a United States corporation, owners and proprietors of the following described property, situated in the County of Kandiyohi, State of Minnesota, to-wit:

The North 465 feet of the East 450 feet of the Northeast Quarter of the Southeast Quarter of Section 22, Township 119, Range 35, in Kandiyohi County, Minnesota.

Have caused the same to be surveyed and platted, and hereafter known as FIRST MINNESOTA ADDITION, as shown by this plat, and hereby dedicate to the public, for public use forever, all roads and easements as shown.

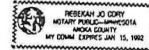
Witness our hands this 27th day of July 1987 A.D.

SIGNED:

FIRST MINNESOTA SAVINGS BANK, F.S.B.

Robert Conrad S.W.P.
David Peterson S.W.P.

STATE OF MINNESOTA)
COUNTY OF KANDIYOHI) SS On this 27th day of July 1987 A.D., before me, personally appeared Robert J. Conrad and David Peterson, who being by me duly sworn, did say that they are respectively the S. VICE PRES. and the V. VICE PRES. of First Minnesota Savings Bank, F.S.B., a United States corporation named in the foregoing instrument and said instrument was signed and executed in behalf of said corporation by authority of its Board of Directors, and they acknowledged the same to be the free act and deed of said corporation.



Robert J. Conrad Notary Public
Kandiyohi County, Minnesota
My commission expires on 1-15-92

I, Byron Dahle, hereby certify that I have surveyed and platted the property described on this plat as FIRST MINNESOTA ADDITION; that this plat is a correct representation of said survey; that all distances are correctly shown on the plat in feet and decimals of a foot; that the monuments for the guidance of future surveys have been correctly placed in the ground as shown on the plat; that the outside boundary lines are correctly designated on the plat; and that there are no wet lands or public highways to be designated other than shown thereon.

Byron Dahle
Registered Land Surveyor
Minnesota Registration No. 10396

STATE OF MINNESOTA)
COUNTY OF KANDIYOHI) SS On this 17 day of July 1987 A.D., before me, personally appeared Byron Dahle, to me personally known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same as his own free act and deed.



Phillip J. Wright Notary Public
Kandiyohi County, Minnesota
My commission expires on May 6, 1992

Approved by the Planning Commission of the City of Willmar, Kandiyohi County, Minnesota, this 22nd day of July 1987 A.D.

Steve Johnson
Chairman
Conroy M. Wilde
Clerk

I, hereby certify that the proper evidence of title has been presented to me and that all parties with an interest in said property have been included in the execution of the above instrument. Dated this 30th day of July 1987 A.D.

John M. Bowen
attorney
Lic. No. 116274

Approved by the City Council of the City of Willmar, Kandiyohi County, Minnesota, this 28th day of August 1987 A.D.

Lawrence O. Stiles
Mayor
Michael C. Schmit
Clerk

No delinquent taxes and transfer entered this 25th day of August 1987 A.D.

Lawrence M. Madson
Kandiyohi County Auditor

I, hereby certify that all taxes are paid for the year of 1987 for the land herein described.

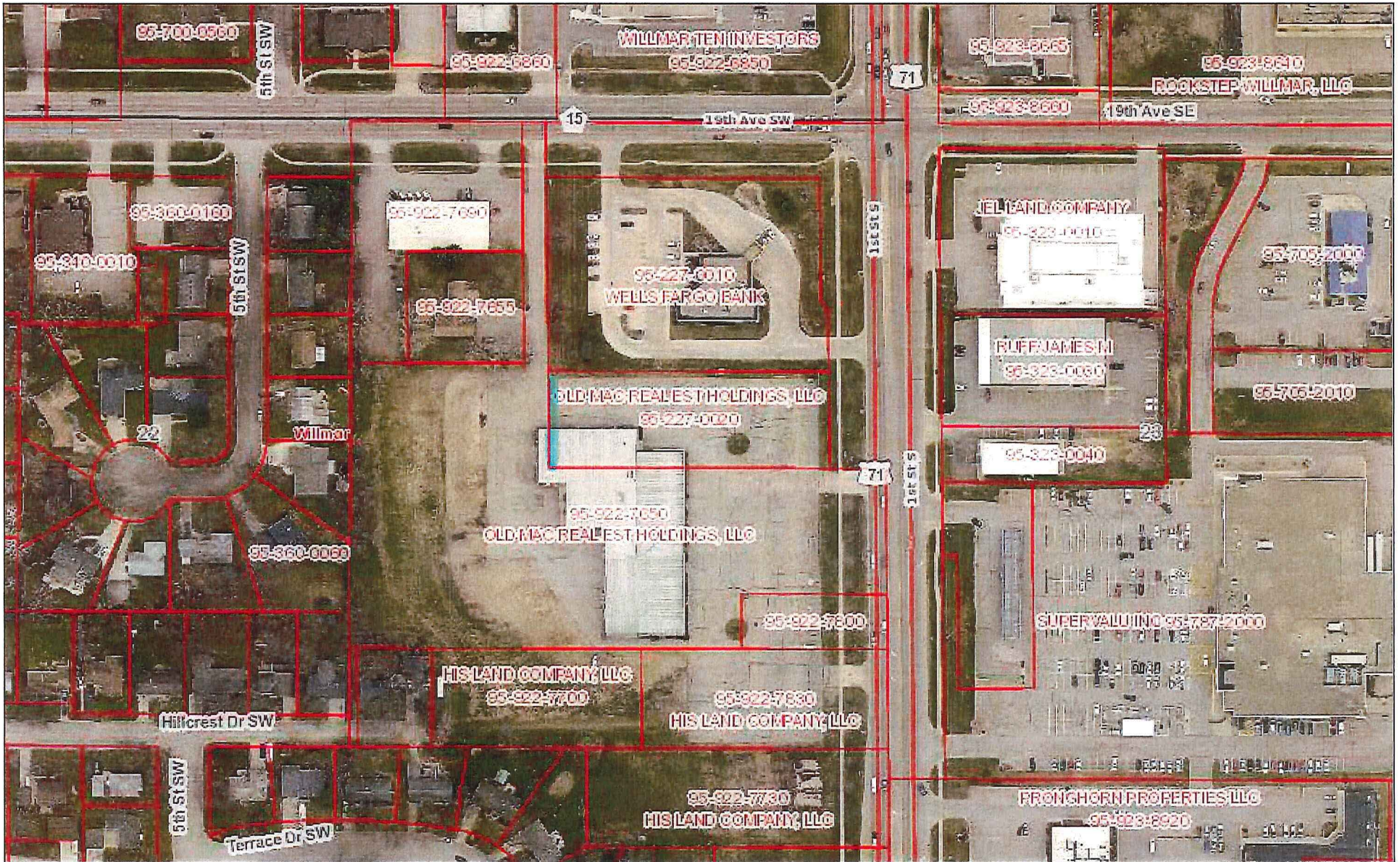
John S. Michels
Kandiyohi County Treasurer

Approved this 12th day of August 1987 A.D.

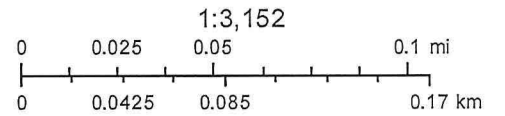
Robert Swanson
Engineer - City of Willmar

I, hereby certify that the within instrument was filed in this office for record this 14th day of September 1987 A.D., at 11:00 o'clock P.M. and was duly recorded in file No. 4478

James H. Davidson
Kandiyohi County Recorder



October 6, 2017

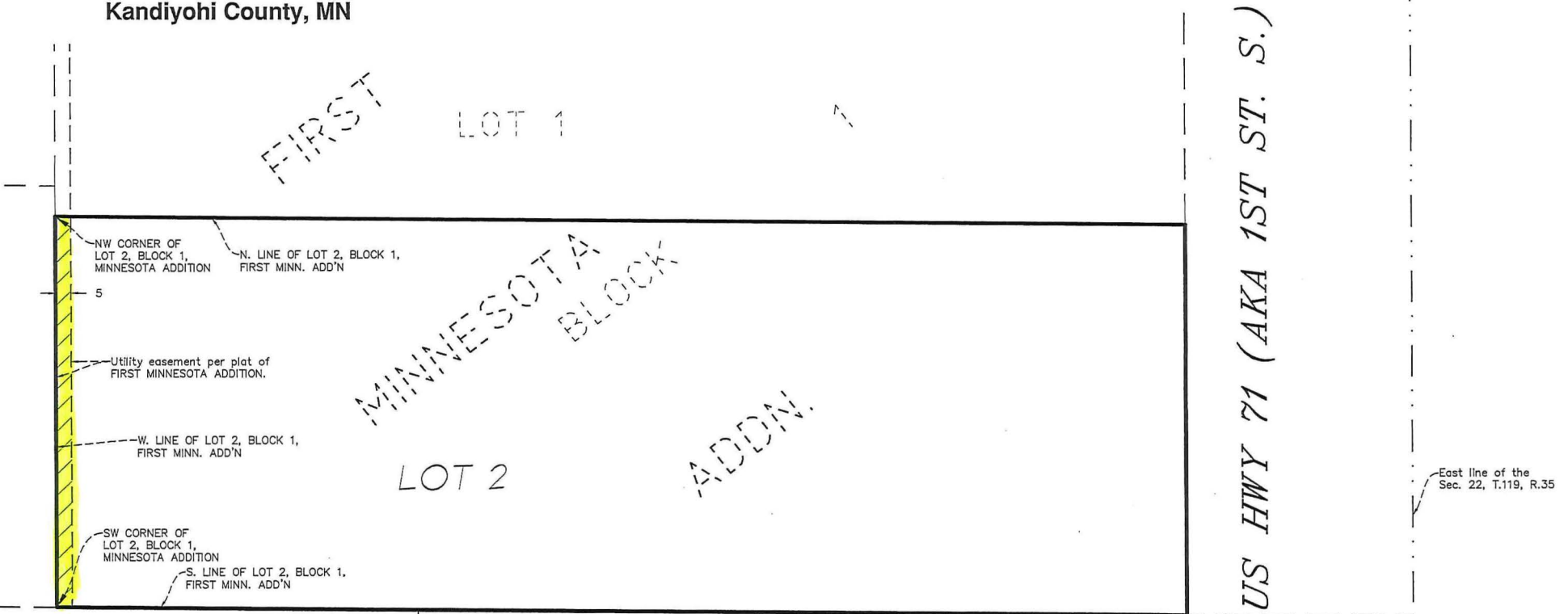


EASEMENT VACATION SKETCH

~for~ Kwik Trip, Inc.
 ~of~ Lot 2, Block 1, FIRST MINNESOTA ADDITION
 Kandiyohi County, MN


EASEMENT VACATION DESCRIPTION

All the drainage and utility easements shown on Lot 2, Block 1,
 FIRST MINNESOTA ADDITION, Kandiyohi County, Minnesota




Scale 1" = 40' | Drawn By: SNN | Project Manager: SNN | Job No.: 17250AB

Denotes Iron Set | • Denotes Iron Found | Bearings shown are on an assumed datum.

 DENOTES EASEMENT VACATION

I hereby certify that this plan, survey or report was prepared by me or under my direct supervision and that I am a duly Registered Land Surveyor under the laws of the State of Minnesota. Dated this 28th day of September, 2017.

 License No. 52705

 **E. G. RUD & SONS, INC.**
 Professional Land Surveyors
 990 5th Avenue SE, Suite 2
 Hutchinson, MN 55350
 Tel. (320) 587-2025 Fax (320) 587-2595
 www.egrud.com



WILLMAR

City Office Building
333 SW 6th Street
Willmar, MN 56201
Main Number 320-235-4913
Fax Number 320-235-4917

CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 14, 2017
From: WMU Commission/GM John Harren	Subject: Ordinance to Amend Rates Charged by MUC (see attached)

AGENDA ITEM: Conduct Ordinance Process to Amend Utility Rates (2018 & 2019)

INTRODUCTION/REQUEST: Per attached Resolution No. 41, we are requesting the City to conduct a public hearing to adjust rates.

HISTORY: 2014/2015 (last rate adjustment)

CURRENT CIRCUMSTANCE: MUC held public hearing on Nov. 13, 2017 and adopted the attached Resolution #41

RECOMMENDATION: Proceed with the adoption of the attached ordinance which is a part of Resolution #41

ISSUES: N/A

FINANCIAL IMPACT: City Franchise Fee consisting of costs incurred by the cash contribution, street lighting and wastewater charges incurred by WMU as a Franchise Fee line item on the utility billing

ALTERNATIVES: N/A

- 1.
- 2.

RECOMMENDED MOTION: Set Public Hearing at the Nov. 20th Council Mtg to adopt ordinance at the City Council December 4, 2017 mtg. Adopt the ordinance.

REVIEWED BY: N/A

WORK SESSION DATE: Addressed topic during October 31, 2017 joint meeting of the City Council/WMU (and mgmt staff)

COUNCIL MEETING DATE: Consent Agenda Nov. 20 2017 Regular Agenda Nov. 20 2017

WILLMAR MUNICIPAL UTILITIES RESOLUTION 2017- #41

A RESOLUTION TO RECOMMEND THAT THE WILLMAR CITY COUNCIL IMPOSE OF AN INTERGOVERNMENTAL TRANSFER FEE ON UTILITY BILLS AND IMPLEMENT UTILITY RATE ADJUSTMENTS FOR 2018 AND 2019

- WHEREAS, Pursuant to Section 4.05, subdivision 2(G) of the Willmar Charter, the Willmar Municipal Utilities Commission (Commission) has the power and responsibility to recommend to the Willmar City Council (City Council), after holding hearings, rates to be charged for water, electricity, hot water heat and any other utility services sold by the Commission; and
- WHEREAS, WMU commissioned a rate study that was completed by Dave Berg Consulting LLC in 2014, which study recommended rate increases that have not to date been implemented in the amounts of three percent in 2016, three percent in 2017 and three percent in 2018 for electrical; and ten percent in 2017 and ten percent in 2018 for water, all in order to continue providing the high quality of service expected by WMU Customers; and
- WHEREAS, The Commission duly noticed and conducted a public hearing on its proposed rate adjustments for 2018 and 2019 as detailed herein at the Commission's regular meeting on November 13, 2017; and
- WHEREAS, Pursuant to Section 2.12, subdivision 1(E) of the Willmar Charter, the City Council has the power and responsibility to regulate the rates charged for utility services by the Commission and the City by ordinance.
- WHEREAS, The Commission pays an intergovernmental transfer fee to the City annually in an amount equal to \$7.70/mwh, in addition to certain other contributions to the City such as wastewater costs and street lighting, which fees and costs have the effect of increasing the rates charged for the utility services provided by the Commission; and
- WHEREAS, After careful consideration, the Commission believes the interests of transparency would best be served by separating the cost to the Commission of the intergovernmental transfer fee and other contributions to the City out of the utility rates and instead imposing a separate City Franchise Fee charge on each utility bill issued by the Commission, which fee would mitigate the need to implement the full amounts of the rate increases recommended by the 2014 Dave Berg Consulting LLC rate study; and
- WHEREAS, The Commission further believes the existing "Billing Charge" fee on utility bills, which has been referred to as a "Customer Charge" in previous ordinances establishing utility rates, would be more accurately described as a "Fixed Cost" fee, and the Commission supports making that change on future utility bills.

NOW, THEREFORE, BE IT RESOLVED BY THE WILLMAR MUNICIPAL UTILITIES COMMISSION THAT:

1. The Commission recommends to the City Council that a City franchise fee be added to all utility bills to be calculated by applying a rate to be determined by dividing the total kilowatt hours (kWh) sold by WMU annually by the total intergovernmental transfer, street lighting and wastewater costs incurred by WMU for the preceding calendar year to each customer kWh billed monthly for the next 12 month period.
2. The Commission recommends to the City Council that the existing "Billing Charge" fee on utility bills, which has been referred to as a "Customer Charge" in previous ordinances establishing utility rates, be renamed as a "Fixed Cost" fee.
3. The Commission further recommends to the City Council that the rates for water service provided by the Commission be increased from existing rates by five percent effective January 1, 2018 and an additional five percent above such 2018 rates effective January 1, 2019.
4. The Commission further recommends that the City Council adopt the ordinance attached hereto as Appendix A and incorporated herein by reference implementing the intergovernmental transfer fee, water rate adjustments and renaming of the "Customer Charge" as a "Fixed Cost" fee detailed in Paragraphs 1--3 above.

PASSED by the Willmar Municipal Utilities Commission on this 13th day of November, 2017.

Willmar Municipal Utilities Commission

Carol Laumer, President

ATTEST:

By _____

Its _____

APPENDIX A
Draft Ordinance Implementing Recommended Utility Rates for 2018 and 2019

ORDINANCE NO. _____

AN ORDINANCE AMENDING RATES CHARGED BY THE MUNICIPAL UTILITIES COMMISSION OF THE CITY OF WILLMAR, A PUBLIC UTILITY, TO BE EFFECTIVE FOR BILLINGS SENT ON AND AFTER JANUARY 1, 2018.

BE IT ORDAINED, by the City Council of the City of Willmar as follows:

Section 1. ELECTRIC RATES. The rates for electric service provided by the Municipal Utilities Commission shall continue to be as follows:

Residential Service Rate

The rate for residential service shall be the sum of the energy charge and the customer charge as follows:

	Summer	Non-Summer
<u>Energy Charge</u>		
All kWh .....	.1094	.0957
Fixed Cost Fee	\$10.35/mo.	\$10.35/mo.

Heat Pump Rate

The rate for off-peak service shall be as follows:

<u>Energy Charge</u>		
All KWH .....	.1094	.0784

Off-Peak Rate

The rate for off-peak service shall be as follows:

<u>Energy Charge</u>		
All kWh .....	.0566	.0566

Small Commercial Rate

The rate for general service shall be the sum of the energy charge and the customer charge as follows:

<u>Energy Charge</u>		
All kWh .....	.1091	.0953
Fixed Cost Fee	\$16.05/mo.	\$16.05/mo.

Three Phase Commercial Rate

The rate for three phase commercial service shall be the sum of the energy charge and the customer charge as follows:

<u>Energy Charge</u>		
All kWh .....	.1091	.0953
Fixed Cost Fee	\$31.05/mo.	\$31.05/mo.

Large Power Rate

The rate for large power service shall be the sum of the demand, energy charge and the customer charge as follows:

<u>Primary Service</u>		
Energy Charge		
All kWh	.0650	.0582
Demand Charge	\$13.77/KW	\$12.15/KW
<u>Secondary Service</u>		
Energy Charge		
All kWh .....	.0663	.0594
Demand Charge	\$14.05/KW	\$12.40/KW
<u>Fixed Cost Fee</u>		
Primary Service	\$45.80/mo.	\$45.80/mo.
Secondary Service	\$34.35/mo.	\$34.35/mo.

Industrial Rate

The rate for industrial service shall be the sum of the demand charge, energy charge, and the customer charge as follows:

<u>Primary Service</u>		
<u>Energy Charge</u>		
All KWH.....	.0628	.0560
<u>Demand Charge</u>	\$13.77/KW	\$12.15/KW
<u>Secondary Service</u>		
<u>Energy Charge</u>		
All KWH.....	.0641	.0572
Demand Charge.....	\$14.05/KW	\$12.40/KW
<u>Fixed Cost Fee</u>		
Primary Service	\$45.80/mo.	\$45.80/mo.
Secondary Service	\$34.35/mo.	\$34.35/mo.

Section 2. 2018 WATER RATES. Beginning on January 1, 2018, the rates for water service provided by the Municipal Utilities Commission shall be as follows:

The rate for water service shall be the sum of the demand charge, consumption charge and customer charge as follows:

<u>Demand Charge</u>	<u>Rate/Month</u>
Meter Size	
5/8".....	\$2.36
3/4".....	\$3.42
1".....	\$6.02
1 1/2".....	\$13.56
2".....	\$24.18
3".....	\$54.50
4".....	\$96.74
6".....	\$217.79
<u>Consumption Charge</u>	Summer Non-Summer

Residential	\$1.65	\$1.29
Commercial.....	\$1.13	\$.89
Industrial.....	\$.98	\$.77

<u>Fixed Cost Fee</u>		<u>Rate/Month</u>
Residential		\$ 7.13
Commercial.....		\$11.80
Industrial		\$29.49

Section 3. 2019 WATER RATES. Beginning on January 1, 2019, the rates for water service provided by the Municipal Utilities Commission shall be as follows:

The rate for water service shall be the sum of the demand charge, consumption charge and customer charge as follows:

<u>Demand Charge</u>		<u>Rate/Month</u>
Meter Size		
5/8"		\$2.48
3/4"		\$3.59
1"		\$6.32
1 1/2".....		\$14.24
2"		\$25.39
3"		\$57.23
4"		\$101.58
6"		\$228.68

<u>Consumption Charge</u>	Summer	Non-Summer
Residential	\$1.73	\$1.35
Commercial.....	\$1.19	\$.93
Industrial.....	\$1.03	\$.81

<u>Fixed Cost Fee</u>		<u>Rate/Month</u>
Residential		\$ 7.49
Commercial.....		\$12.39
Industrial		\$30.96

Section 4. SUMMER RATE DEFINITION

The summer rates are defined as the billing months of June through September.

Section 5. ELECTRIC ENERGY ACQUISITION ADJUSTMENT

There shall be added to all electrical energy billed an energy acquisition adjustment. The energy acquisition adjustment shall be calculated by subtracting 5.08/KWH from the monthly weighted average cost per KWH of generated power and power purchased for resale. The excess from this calculation from the second preceding month shall be multiplied by the current month KWH usage.

Section 6. CITY FRANCHISE FEE

There shall be added to all utility bills a “City franchise fee” to be calculated by applying a rate to be determined by dividing the total kilowatt hours (kWh) sold by WMU annually by the total intergovernmental transfer, street lighting and wastewater costs incurred by WMU for the preceding calendar year to each customer kWh billed monthly for the next 12 month period.

Section 7. FIXED COST FEE

The existing “Billing Charge” fee on utility bills, which has been referred to as a “Customer Charge” in previous ordinances establishing utility rates, shall continue to be imposed but shall be renamed as a “Fixed Cost” fee, as reflected in Sections 1—3 above.

Section 8. REPEALER

This Ordinance repeals all earlier ordinances to the extent that it is inconsistent therewith.

Section 9. EFFECTIVE DATE

This Amendment in rates shall be effective for billings sent on and after January 1, 2018, except that the amendment in water rates set forth in Section 3 shall be effective January 1, 2019.

VOTE: ___ ALVARADO ___ ASMUS ___ CHRISTIANSON
___ FAGERLIE ___ MUESKE ___ NELSEN ___ PLOWMAN ___ SCHWANTES

This Ordinance introduced by Council Member: _____

This Ordinance introduced on: _____

This Ordinance published on: _____

This Ordinance given a hearing on: _____

This Ordinance adopted on: _____

This Ordinance published on: _____



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Robert Scott, City Attorney	Subject: Electronic Signature Policy

AGENDA ITEM: Consideration of Electronic Signature Policy.

INTRODUCTION/REQUEST: The City Administrator requested a policy be drafted to clarify when and under what circumstances the City will accept electronic signatures.

HISTORY: The Uniform Electronic Transactions Act (UETA), Minn. Stat. Ch. 325L, promotes the use of electronic documents in business and government and provides that electronic documents and signatures are equivalent to paper documents and signatures. Section 325L.18 of the UETA provides that each city must determine for itself whether and to what extent it will send and accept electronic records and electronic signatures to and from other persons and otherwise create, generate, communicate, store, process, use, and rely upon electronic records and electronic signatures. The draft policy contains criteria the satisfaction of which will allow the City to accept an electronic signature on minutes, resolutions, ordinances, and contracts/agreements, and preserves flexibility for the Administrator to determine which specific technologies and applications may be used to ensure such criteria are satisfied.

CURRENT CIRCUMSTANCE: The City currently does not have a policy governing its use and acceptance of electronic signatures.

RECOMMENDATION: Approve Electronic Signature Policy as presented.

ISSUES: NA

FINANCIAL IMPACT: None.

ALTERNATIVES:

1. Do not pass the policy and continue current practices regarding electronic signatures
2. Discuss and approve changes to the policy

RECOMMENDED MOTION: Approve motion adopting Electronic Signature Policy as presented.

REVIEWED BY: Ike Holland, City Administration

WORK SESSION DATE: November 6, 2017

COUNCIL MEETING DATE: November 20, 2017

CITY OF WILLMAR ELECTRONIC SIGNATURE POLICY

Purpose:

- This policy establishes when an electronic signature may replace a written signature and when an electronic record may replace a paper document in official City of Willmar business. This policy has been adopted in order to implement Minnesota Statutes, Section 325L.18, which authorizes municipalities to develop and implement policies regarding the use of electronic signatures.

Scope:

- This policy applies to all City of Willmar departments.
- This policy only applies to the following documents: minutes, resolutions, ordinances, and contracts/agreements.

Policy:

- Approved Electronic Signature Methods
 - An electronic signature method shall be approved for use under this policy if:
 - The signature is capable of verification;
 - The signature is under the sole control of the person using it; and
 - The signature is linked to the data in such a manner that it is readily ascertainable if the data is changed after the signature is applied.
 - The City Administrator may approve specific technologies and vendors under this policy consistent with industry best practices to ensure the security and integrity of the data and the electronic signature.
- Use and Acceptance of Electronic Signatures
 - Signature required by the City of Willmar Policy
 - Where law or policy of the City of Willmar requires that a record have the signature of a responsible person(s), that requirement is met when the electronic record has associated with it an electronic signature of the responsible person(s) using an approved electronic signature method.
 - Where law or policy of the City of Willmar requires a written document, that requirement is met when an electronic record has associated with it an electronic signature of the responsible person(s) using an approved electronic signature method.

- Records Retention
 - The City may retain electronic archives of all documents executed by electronic signature.



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 13, 2017
From: Steve Brisendine	Subject: Playground Equipment

AGENDA ITEM: Playground Equipment Purchase Miller Park and a Park to be determined.

INTRODUCTION/REQUEST: The council designated \$90,800.00 to purchase playground equipment in 2017. The equipment purchased is 3 play units, swingset and balance apparatus. 2 Units, swingset and balance apparatus will be installed at Miller Park. The other unit will be installed at a park to be determined.

HISTORY: In 2015 many pieces of playground equipment was removed from City Parks. The council chose to designate resources from the Swansson Field Concession Stand Project to purchase new playground equipment.

CURRENT CIRCUMSTANCE: Staff received a \$59,319.00 grant from MN/WI Playground of Golden Valley MN to reduce the purchase price of equipment from \$123,063.00 to \$70,691.46 which includes freight costs. Install will take place in the spring of 2018 with an install cost of \$30,594.00. The amount exceeding the \$90,800.00 in the budget will come from the Miller Park project.

RECOMMENDATION: To approve the purchase of playground equipment from MN/WI Playground. Staff in conjunction with a number of community representatives reviewed equipment options and agreed to purchase the equipment that makes up this order.

FINANCIAL IMPACT: \$101,285.46 Equipment/Installation

RECOMMENDED MOTION: To approve the purchase of playground equipment and installation totaling \$101,285.46. Funds were appropriated for this purchase in the 2017 budget.

REVIEWED BY: Steve Brisendine/Sean Christensen/Ike Holland

COUNCIL MEETING DATE: November 20, 2017

11/07/2017

City of Willmar - 2018 Grant - (1)Dominica, (1) Adventure & (1)Sprouts & Freestanding Items

City of Willmar
 Attn: Steve Brisendine
 333 6th St SW
 Willmar, MN 56201
 Phone: 320-231-8494
 Fax: 320-231-5484
 brisendines@willmar.k12.mn.us

Ship To Zip: 56201

Quantity	Part #	Description	Unit Price	Amount
3	178749	GameTime - Owner'S Kit	\$50.00	\$150.00
1	RDU	GameTime - Adventure	\$53,597.00	\$53,597.00
1	RDU	GameTime - Dominica	\$47,938.00	\$47,938.00
1	RDU	GameTime - Sprouts	\$17,103.00	\$17,103.00
1	8662	GameTime - Walking The Plank	\$1,482.00	\$1,482.00
1	RDU	GameTime - Swing Package w/ 2 belt & 2 tot	\$2,793.00	\$2,793.00
			SubTotal:	\$123,063.00
			Grant:	(\$59,319.00)
			Freight:	\$6,947.46
			Total Amount:	\$70,691.46

This quotation is subject to current Minnesota/Wisconsin Playground policies as well as the following terms and conditions. Our quotation is based on shipment of all items at one time to a single destination, unless noted, and changes are subject to price adjustment. Purchases in excess of \$1,000.00 to be supported by your written purchase order made out to Minnesota/Wisconsin Playground.

Pricing: f.o.b. factory, firm for 30 days from date of quotation. A tax-exempt certificate is needed at time of order entry for all orders whether from tax-supported government agencies or not. Sales tax, if applicable, will be added at time of invoice unless a tax exempt certificate is provided at time of order entry.

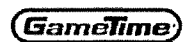
Payment terms: payment in full, check submitted with order.

Freight charges: Prepaid & added

Order Information:

Bill To: Steve Brisandine
 Company: City of Willmar
 Attn: _____
 Address: 1234 Kandiyohi Ave SW
 City, State, Zip: Willmar MN 56201
 Contact: Steve Brisendine
 Tel: 320 231 8494
 Fax: 320 231 5484

Ship To: City of Willmar
 Project Name: Miller Park
 Attn: Gary Manzer
 Address: 801 W Hwy 40
 City, State, Zip: Willmar MN 56201
 Contact: Gary Manzer
 Tel: 320 491 7366
 Fax: _____





Minnesota / Wisconsin Playground
 5101 Highway 55, Suite 6000
 Golden Valley, Minnesota 55422
 Ph. 800-622-5425 | 763-546-7787
 Fax 763-546-5050 | dan@mnwiplay.com

QUOTE
 #20160

11/07/2017

City of Willmar - 2018 Grant -(1)Dominica, (1) Adventure & (1)Sprouts & Freestanding Items (install)

City of Willmar
 Attn: Steve Brisendine
 333 6th St SW
 Willmar, MN 56201
 Phone: 320-231-8494
 Fax: 320-231-5484
 brisendines@willmar.k12.mn.us

Ship To Zip: 56201

Quantity	Part #	Description	Unit Price	Amount
1	INSTALL	GameTime - Dominica Install	\$11,985.00	\$11,985.00
1	INSTALL	GameTime - Adventure Install	\$13,400.00	\$13,400.00
1	INSTALL	GameTime - Sprouts Install	\$4,276.00	\$4,276.00
1	INSTALL	GameTime - Mileage & Hotel	\$933.00	\$933.00

Note:

1. Swing Package and Walking the Plank of equipment order to be installed by the city.
2. A site plan will be created during the winter for installation in 2018.

SubTotal: \$30,594.00
Total Amount: \$30,594.00

This quotation is subject to current Minnesota/Wisconsin Playground policies as well as the following terms and conditions. Our quotation is based on shipment of all items at one time to a single destination, unless noted, and changes are subject to price adjustment. Purchases in excess of \$1,000.00 to be supported by your written purchase order made out to Minnesota/Wisconsin Playground.

Pricing: f.o.b. factory, firm for 30 days from date of quotation. A tax-exempt certificate is needed at time of order entry for all orders whether from tax-supported government agencies or not. Sales tax, if applicable, will be added at time of invoice unless a tax exempt certificate is provided at time of order entry.

Payment terms: net 30 days for tax supported governmental agencies. A 1.5% per month finance charge will be imposed on all past due accounts. Equipment shall be invoiced separately from other services and shall be payable in advance of those services and project completion. Retainage not accepted.

Freight charges: Prepaid & added

Installation: shall be by a Certified GameTime Installer. Customer shall be responsible for scheduling coordination and site preparation. Site should be level and permit installation equipment access. Purchaser shall be responsible for unknown conditions such as buried utilities, tree stumps, bedrock or any concealed materials or conditions that may result in additional labor or material costs.





CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 13, 2017
From: Steve Brisendine	Subject: Miller Park Tennis Court Project

AGENDA ITEM: Miller Park Tennis Court Project

INTRODUCTION/REQUEST: The Miller Park Tennis Court project was approved in the 2017 CIP budget for the City of Willmar.

HISTORY: As part of the overall Park Plan this project was highlighted as one to implement in conjunction with the removal of Tennis Courts at Rice Park. \$220,000 was approved in the original 2017 Budget an additional \$150,000.00 was designated to this project when the Swansson Field Concession Project was rejected. Staff has received a \$10,000 grant from the USTA and another \$20,000 grant is pending.

CURRENT CIRCUMSTANCE: Bids were opened on Wednesday November 8, 2017 with 4 bids submitted by contractors.

RECOMMENDATION: Approve entering into an agreement with Duininck, Inc for construction of the Tennis Courts at Miller Park in the amount of \$298,219.61.

FINANCIAL IMPACT: \$298,219.61 is the amount of this contract.

ALTERNATIVES:

1. Accept Bid
2. Decline Bid

RECOMMENDED MOTION: Enter into an agreement with Duininck, Inc in the amount of \$298,219.61 to construct 4 tennis courts at Miller Park.

REVIEWED BY: Steve Brisendine/Sean Christensen/Ike Holland

COUNCIL MEETING DATE: November 20, 2017

CITY OF WILLMAR
MILLER PARK IMPROVEMENTS
BID ABSTRACT
NOVEMBER 8, 2017

ITEM NUMBER	ITEM DESCRIPTION	UNIT	QUANTITY	ENGINEER'S ESTIMATE		DUININCK, INC.		THE TRADESMAN CONSTRUCTION, INC.		SWENSON AND SONS CONSTRUCTION		LANDPRIDE CONSTRUCTION, LLC.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
2011.601	CONSTRUCTION SURVEYING	LUMP SUM	1	\$3,500.00	\$3,500.00	\$3,000.00	\$3,000.00	\$5,000.00	\$5,000.00	\$2,000.00	\$2,000.00	\$3,000.00	\$3,000.00
2021.501	MOBILIZATION	LUMP SUM	1	\$15,000.00	\$15,000.00	\$22,000.00	\$22,000.00	\$13,500.00	\$13,500.00	\$15,000.00	\$15,000.00	\$9,000.00	\$9,000.00
2104.503	REMOVE CONCRETE WALK	SQ FT	34	\$2.50	\$85.00	\$10.00	\$340.00	\$10.00	\$340.00	\$5.00	\$170.00	\$20.00	\$680.00
2104.505	REMOVE BITUMINOUS PAVEMENT	SQ YD	1679	\$3.75	\$6,296.25	\$3.25	\$5,456.75	\$4.00	\$6,716.00	\$5.00	\$8,395.00	\$4.00	\$6,716.00
2104.509	SALVAGE LIGHTING UNIT	EACH	2	\$330.00	\$660.00	\$500.00	\$1,000.00	\$525.00	\$1,050.00	\$600.00	\$1,200.00	\$525.00	\$1,050.00
2101.502	GRUB TREE	EACH	8	\$95.00	\$760.00	\$225.00	\$1,800.00	\$250.00	\$2,000.00	\$75.00	\$600.00	\$3,000.00	\$24,000.00
2104.513	SAWING BIT PAVEMENT (FULL DEPTH)	LIN FT	148	\$0.50	\$74.00	\$3.25	\$481.00	\$2.50	\$370.00	\$5.00	\$740.00	\$2.00	\$296.00
0	SALVAGE AND INSTALL BENCH	EACH	2	\$100.00	\$200.00	\$300.00	\$600.00	\$200.00	\$400.00	\$600.00	\$1,200.00	\$300.00	\$600.00
2573.502	SILT FENCE, TYPE MS	LIN FT	466	\$4.00	\$1,864.00	\$3.25	\$1,514.50	\$2.25	\$1,048.50	\$3.00	\$1,398.00	\$4.00	\$1,864.00
2573.530	STORM DRAIN INLET PROTECTION	EACH	2	\$205.00	\$410.00	\$175.00	\$350.00	\$100.00	\$200.00	\$150.00	\$300.00	\$150.00	\$300.00
2573.535	STABILIZED CONSTRUCTION EXIT	LUMP SUM	1	\$2,500.00	\$2,500.00	\$1,300.00	\$1,300.00	\$2,000.00	\$2,000.00	\$2,500.00	\$2,500.00	\$750.00	\$750.00
2575.605	TURF ESTABLISHMENT	LUMP SUM	1.0	\$2,000.00	\$2,000.00	\$4,600.00	\$4,600.00	\$2,838.00	\$2,838.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
2521.501	4" CONCRETE WALK	SQ FT	321	\$20.00	\$6,420.00	\$10.00	\$3,210.00	\$10.00	\$3,210.00	\$8.00	\$2,568.00	\$14.00	\$4,494.00
0	TENNIS COURT NET, POST, FOOTINGS, COMPLETE	EACH	4	\$2,400.00	\$9,600.00	\$2,000.00	\$8,000.00	\$2,380.00	\$9,520.00	\$2,935.63	\$11,742.52	\$2,100.00	\$8,400.00
0	FURNISH AND INSTALL 10' HIGH CHAINLINK FENCING WITHIN TENNIS COURT INCLUDING GATE, RAILS, POSTS, AND ALL REQUIRED APPURTANANCES - COMPLETE.	LF	648	\$70.00	\$45,360.00	\$42.00	\$27,216.00	\$43.80	\$28,382.40	\$45.35	\$29,386.80	\$49.00	\$31,752.00
0	FURNISH AND INSTALL COLOR COATING AND STRIPING FOR TENNIS COURTS INCLUDING LEVELING - COMPLETE.	SQYD	2793	\$9.00	\$25,137.00	\$7.50	\$20,947.50	\$7.03	\$19,634.79	\$7.00	\$19,551.00	\$7.55	\$21,087.15
0	FURNISH AND INSTALL BITUMINOUS PAVING FOR TENNIS COURTS, INCLUDING AGGREGATE BASE, GRANULAR BASE, AND GEOTEXTILE FABRIC - COMPLETE.	SQYD	2793	\$30.00	\$83,790.00	\$37.10	\$103,620.30	\$43.98	\$122,836.14	\$46.90	\$130,991.70	\$57.00	\$159,201.00
2545.501	TENNIS COURT LIGHTING IN HID	LUMP SUM	1	\$87,000.00	\$87,000.00	\$53,716.30	\$53,716.30	\$53,716.30	\$53,716.30	\$57,476.44	\$57,476.44	\$54,000.00	\$54,000.00
0	TENNIS COURT LIGHTING IN LED	LUMP SUM	0	\$107,000.00	\$0.00	\$72,216.10	\$0.00	\$72,216.10	\$0.00	\$77,271.23	\$0.00	\$72,216.00	\$0.00
2545.501	CONDUIT SYSTEM	LUMP SUM	1	\$23,000.00	\$23,000.00	\$16,657.46	\$16,657.46	\$16,651.46	\$16,651.46	\$17,822.99	\$17,822.99	\$17,000.00	\$17,000.00
2503.603	12" PVC SDR 26 (STORM SEWER)	LIN FT	80	\$58.00	\$4,640.00	\$30.00	\$2,400.00	\$42.50	\$3,400.00	\$45.00	\$3,600.00	\$37.50	\$3,000.00
2503.603	CONNECT TO EXISTING STORM SEWER	EACH	1	\$1,500.00	\$1,500.00	\$550.00	\$550.00	\$2,100.00	\$2,100.00	\$1,000.00	\$1,000.00	\$950.00	\$950.00
2506.502	12" DIA NYLOPLAST DRAIN BASIN WITH STANDARD GRATE	EACH	1	\$1,000.00	\$1,000.00	\$960.00	\$960.00	\$650.00	\$650.00	\$800.00	\$800.00	\$1,200.00	\$1,200.00
BASE BID SUBTOTAL					\$320,796.25		\$279,719.81		\$295,563.59		\$313,442.45		\$354,340.15
ALTERNATE #1													
0	TENNIS COURT LIGHTING IN LED	LUMP SUM	1	\$107,000.00	\$107,000.00	\$72,216.10	\$72,216.10	\$88,867.56	\$88,867.56	\$77,271.23	\$77,271.23	\$88,867.56	\$88,867.56
0	DEDUCT TENNIS COURT LIGHTING IN HID	LUMP SUM	-1	\$87,000.00	(\$87,000.00)	\$53,716.30	(\$53,716.30)	\$70,367.76	(\$70,367.76)	\$7,476.44	(\$7,476.44)	\$70,367.78	(\$70,367.78)
ALTERNATE #1 SUBTOTAL					\$20,000.00		\$18,499.80		\$18,499.80		\$19,794.79		\$18,499.78
TOTAL BASE BID					\$320,796.25		\$279,719.81		\$295,563.59		\$313,442.45		\$354,340.15
TOTAL BASE BID + ALTERNATE #1					\$340,796.25		\$298,219.61		\$314,063.39		\$333,237.24		\$372,839.93



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Megan M. DeSchepper, Planner/Airport Manager	Subject: Dahlberg-Fladeboe Addition preliminary/final plat

AGENDA ITEM: Dahlberg-Fladeboe Addition Preliminary/Final Plat

INTRODUCTION/REQUEST: Stacy Fladeboe proposes subdividing the three existing parcels along Highway 12 East into two on property described as follows portions of Block 1, Erickson’s Second Addition to the City of Willmar; AND Lot 9, Block 15, Erickson’s Second Addition to the City of Willmar; AND Lot 11, Block 15, Erickson’s Second Addition; AND portions of the vacated Second Ave. South

HISTORY: In 1998 Stacy Fladeboe purchased property from Mark Dahlberg (the northerly portion of proposed Lot 1), however the warranty deed was never recorded this plat will rectify that problem.

CURRENT CIRCUMSTANCE: Both proposed parcels will have access to Highway 12. Planning Commission approved the preliminary/final plat with conditions regarding utility easements and a shared access agreement being recorded with the plat.

RECOMMENDATION: Staff recommends approval of the preliminary/final plat.

ISSUES: N/A

FINANCIAL IMPACT: N/A

ALTERNATIVES:

1. Hold the matter for further information.
2. Deny the preliminary/final plat.

RECOMMENDED MOTION: Motion to approve the preliminary/final plat.

REVIEWED BY: Bruce D. Peterson, Director of Planning and Development Services

WORK SESSION DATE: N/A

COUNCIL MEETING DATE: November 20, 2017 _____ **CONSENT AGENDA** X **AGENDA**

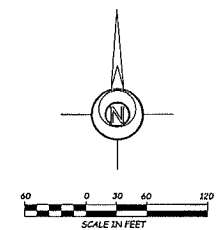
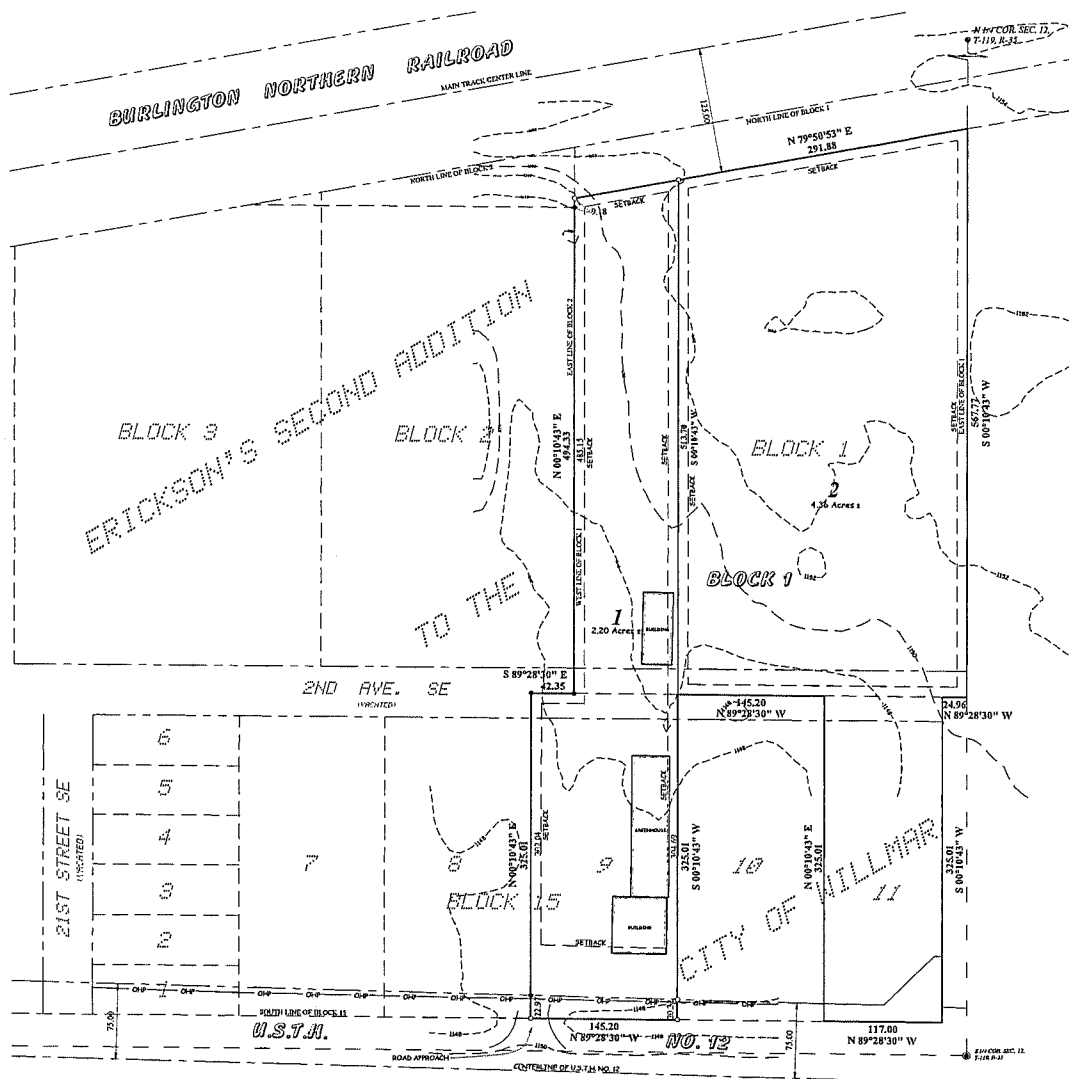
BURLINGTON NORTHERN RAILROAD
MAIN TRACK CENTER LINE

PRELIMINARY PLAT OF:
DAHLBERG-FLADEBOE ADDITION

LEGAL DESCRIPTION

All that portion of Block 1, Erickson's Second Addition to the City of Willmar, lying Southerly of a line drawn parallel with and distant 125.0 feet Southerly of, as measured at right angles to, Burlington Northern Railroad Company's (formerly Great Northern Railway Company's) Main Track centerline, as now located and constructed and all that part of the Northerly Half of vacated Second Avenue South adjacent to said Block 1.
AND
Lot 9, Block 15, Erickson's Second Addition to the City of Willmar and that part of the Southerly Half of vacated Second Avenue South adjacent to said Lot 9.
AND
Lot 11, Block 15, Erickson's Second Addition to the City of Willmar and that part of the Southerly Half of vacated Second Avenue South adjacent to said Lot 9.

BUILDING SETBACKS:
-FRONT = 50 FEET FROM HIGHWAY RIGHT OF WAY
-SIDE = 10 FEET
-REAR = 10 FEET



- Legend
- INDICATES IRON MONUMENT PLACED
 - INDICATES IRON MONUMENT FOUND
 - ⊙ INDICATES KANDIYOHE COUNTY P.L.S.S. IRON MONUMENT

PRELIMINARY PLAT PREPARED FOR:
DAHLBERG/FLADEBOE
 JOB NO: 2017-10
 FILE NAME: 2017-10PP.DWG
 LOCATION: 12-119-35

NOTE: THIS SURVEY IS INTENDED ONLY FOR THE BENEFIT OF THE PARTY TO WHOM IT WAS PREPARED FOR AND SHOULD NOT BE RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE WITHOUT FIRST CONTACTING THE SURVEYOR WHO DEVELOPED AND MADE THIS DRAWING. UNAUTHORIZED REPRODUCTION OF THIS DOCUMENT IS PROHIBITED.

PRELIMINARY PLAT PREPARED BY:
O'MALLEY & KRON
 LAND SURVEYORS, INC.
 370 CHAPEL HILL RD., SUITE 105
 COLD SPRING, MN 56220
 PH. 320-685-9505
 FAX 320-685-3056

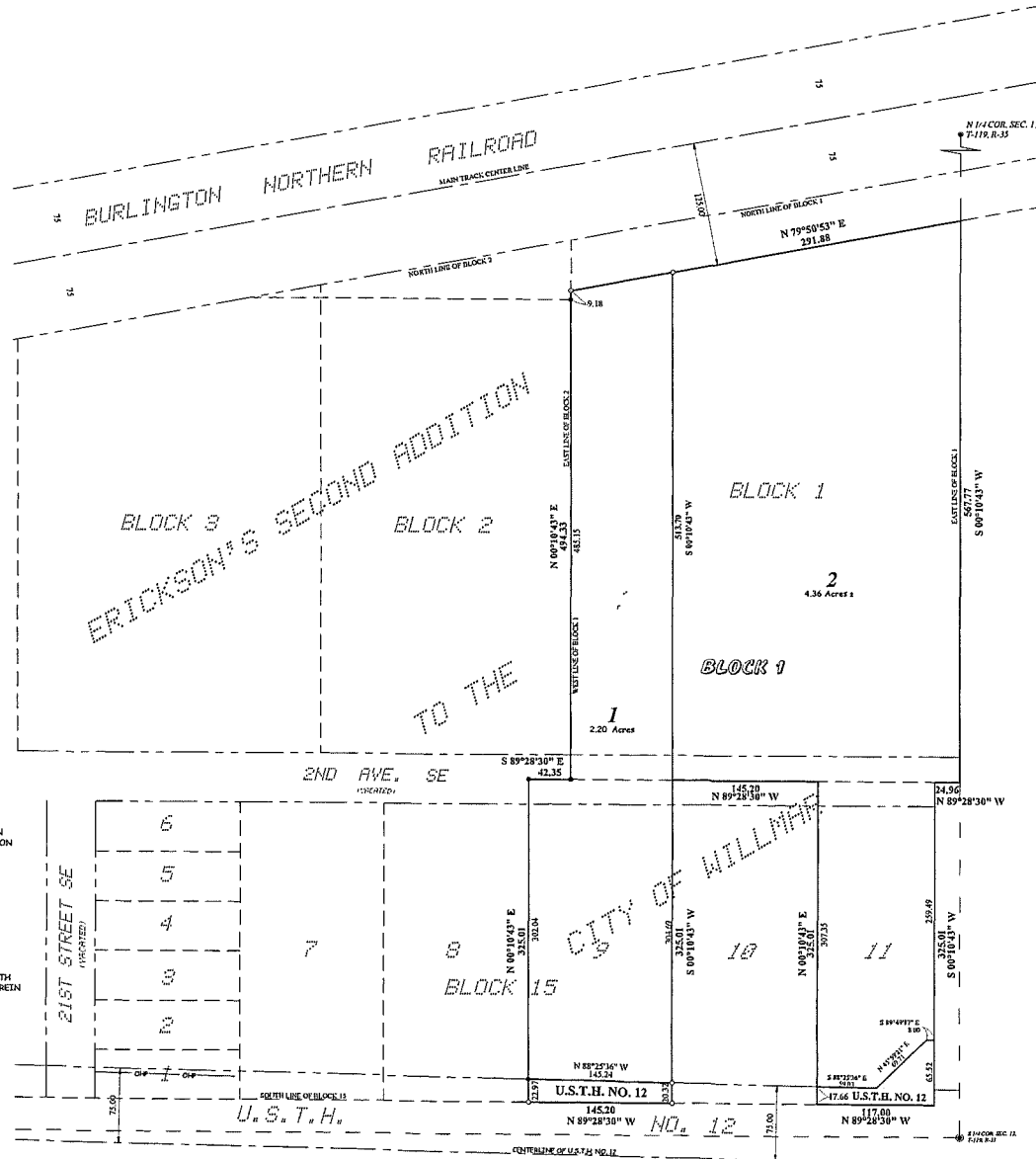
1004 2nd ST. SE
 WILLMAR, MN 56201
 PH. 320-235-4012
 FAX 320-685-3056

I HEREBY CERTIFY THAT THIS SURVEY, PLAN OR REPORT WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A DULY REGISTERED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF MINNESOTA.
 DATE: 01-17-2017
 BENJAMIN C. O'MALLEY
 MINNESOTA REGISTRATION NO. 42100

SHEET 1 OF 1

O'MALLEY & KRON LAND SURVEYORS, INC.
 1094 2ND ST. SE
 WILLMAR, MN 55201
 PH. 726-235-9492

DAHLBERG-FLADEBOE ADDITION



ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE EAST LINE OF BLOCK 1, ERICKSON'S SECOND ADDITION HAVING AN ASSUMED BEARING OF S 00°10'43" W

SCALE IN FEET

Legend

- INDICATES IRON MONUMENT FOUND
- INDICATES IRON MONUMENT PLACED WITH REGISTRATION NO. 42300 INScribed THEREIN
- ⊙ INDICATES KANDIYOHI COUNTY P.L.S.S. IRON MONUMENT

KNOW ALL MEN BY THESE PRESENTS: that Mark Dahlberg, a single person, owner and proprietor of the following described property, situated in the County of Kandiyohi, State of Minnesota, described as follows, to-wit:

All that portion of Block 1, Erickson's Second Addition to the City of Willmar, lying southerly of a line drawn parallel with and distant 123.0 feet southerly of, as measured at right angles to, Burlington Northern Railroad Company (formerly Great Northern Railway Company) Main Track centerline, as now located and constructed, and all that part of the Northerly Half of vacated Second Avenue South adjacent to said Block 1 lying westerly of a line extended northerly from the East line of Lot 9, Block 15, Erickson's Second Addition to the City of Willmar, AND Lot 11, Block 15 of said Erickson's Second Addition to the City of Willmar along with that part of the Southerly Half of vacated Second Avenue South adjacent to said Lot 11.

Has caused this same to be surveyed and platted and hereafter known as DAHLBERG-FLADEBOE ADDITION.

In witness whereof said Mark Dahlberg, a single person, has hereunto set his hand this ___ day of _____, 20__.

Mark Dahlberg
 STATE OF _____) SS
 COUNTY OF _____)
 This instrument was acknowledged before me on the ___ day of _____, 20__ by
 Mark Dahlberg, a single person.

(Notary Signature) _____
 (Notary Printed Name) _____
 Notary Public Kandiyohi County, State of Minnesota
 My Commission Expires: _____

KNOW ALL MEN BY THESE PRESENTS: that Stacy Fladeboe, a single person, owner and proprietor of the following described property, situated in the County of Kandiyohi, State of Minnesota, described as follows, to-wit:

Lot 9, Block 15, Erickson's Second Addition to the City of Willmar and the Southerly half of Vacated 2nd Avenue South lying adjacent to said Lot 9.

Has caused the same to be surveyed and platted and hereafter known as DAHLBERG-FLADEBOE ADDITION and does hereby dedicate to the public for public use the public way as created by this plat.

In witness whereof said Stacy Fladeboe, a single person, has hereunto set his hand this ___ day of _____, 20__.

Stacy Fladeboe
 STATE OF _____) SS
 COUNTY OF _____)
 This instrument was acknowledged before me on the ___ day of _____, 20__ by
 Stacy Fladeboe, a single person.

(Notary Signature) _____
 (Notary Printed Name) _____
 Notary Public Kandiyohi County, State of Minnesota
 My Commission Expires: _____

I, Benjamin C. O'Malley, do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year, but all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01 Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this ___ day of _____, 20__.

Benjamin C. O'Malley, Licensed Land Surveyor
 Minnesota Registration No. 42200

STATE OF MINNESOTA)
 COUNTY OF _____) SS
 This instrument was acknowledged before me on the ___ day of _____, 20__ by
 Benjamin C. O'Malley.

(Notary Signature) _____
 (Notary Printed Name) _____
 Notary Public Kandiyohi County, State of Minnesota
 My Commission Expires: _____

I, hereby certify that the proper evidence of this has been presented to me and that all parties with an interest in said property have been included in the execution of the above instrument. Dated this ___ day of _____, 20__.

ATTORNEY
 Approved by the Planning Commission of the City of Willmar, Kandiyohi County, Minnesota, this ___ day of _____, 20__.

CHAIRMAN _____ CLERK _____
 Approved by the City Council of the City of Willmar, Kandiyohi County, Minnesota, this ___ day of _____, 20__.

MAYOR _____ CLERK _____
 Approved this ___ day of _____, 20__.

ENGINEER, CITY OF WILLMAR
 I, hereby certify that all taxes are paid for the year ___ for the land herein described.

KANDIYOHI COUNTY TREASURER
 No delinquent taxes and transfer entered this ___ day of _____, 20__.

KANDIYOHI COUNTY AUDITOR
 I, hereby certify that the within instrument was filed in this office for record on the ___ day of _____, 20__ at _____ o'clock, P.M. and was duly recorded as Folder No. _____ and as Document No. _____.

KANDIYOHI COUNTY RECORDER



CITY COUNCIL AGENDA REPORT

To: Mayor and City Council	Date: November 20, 2017
From: Megan M. DeSchepper, Planner/Airport Manager	Subject: Midwest Storage Addition Final Plat

AGENDA ITEM: Midwest Storage Addition Final Plat

INTRODUCTION/REQUEST: Myron Krupa proposes subdividing two existing parcels into three for a commercial planned unit development with private drive along Highway 12 E on property described as follows: NW ¼ Section 13, Township 119, Range 35.

HISTORY: The Midwest mini storage property consists of two unplatted parcels one with the office and the other with the mini storage facilities.

CURRENT CIRCUMSTANCE: To ensure perpetual access to all three parcels Outlot A will be a private drive with articles and declarations spelling out ownership, access, maintenance etc. Lot 3 has no direct street access and Lot 2 abuts Highway 12 but is unlikely to get an access from MNDOT. Planning Commission approved the final plat with conditions regarding water and sewer easements and private covenants/declarations being recorded with the final plat.

RECOMMENDATION: Staff recommends approval of the final plat.

ISSUES: N/A

FINANCIAL IMPACT: N/A

ALTERNATIVES:

1. Hold the matter for further information.
2. Deny the final plat.

RECOMMENDED MOTION: Motion to approve the final plat.

REVIEWED BY: Bruce D. Peterson, Director of Planning and Development Services

WORK SESSION DATE: N/A

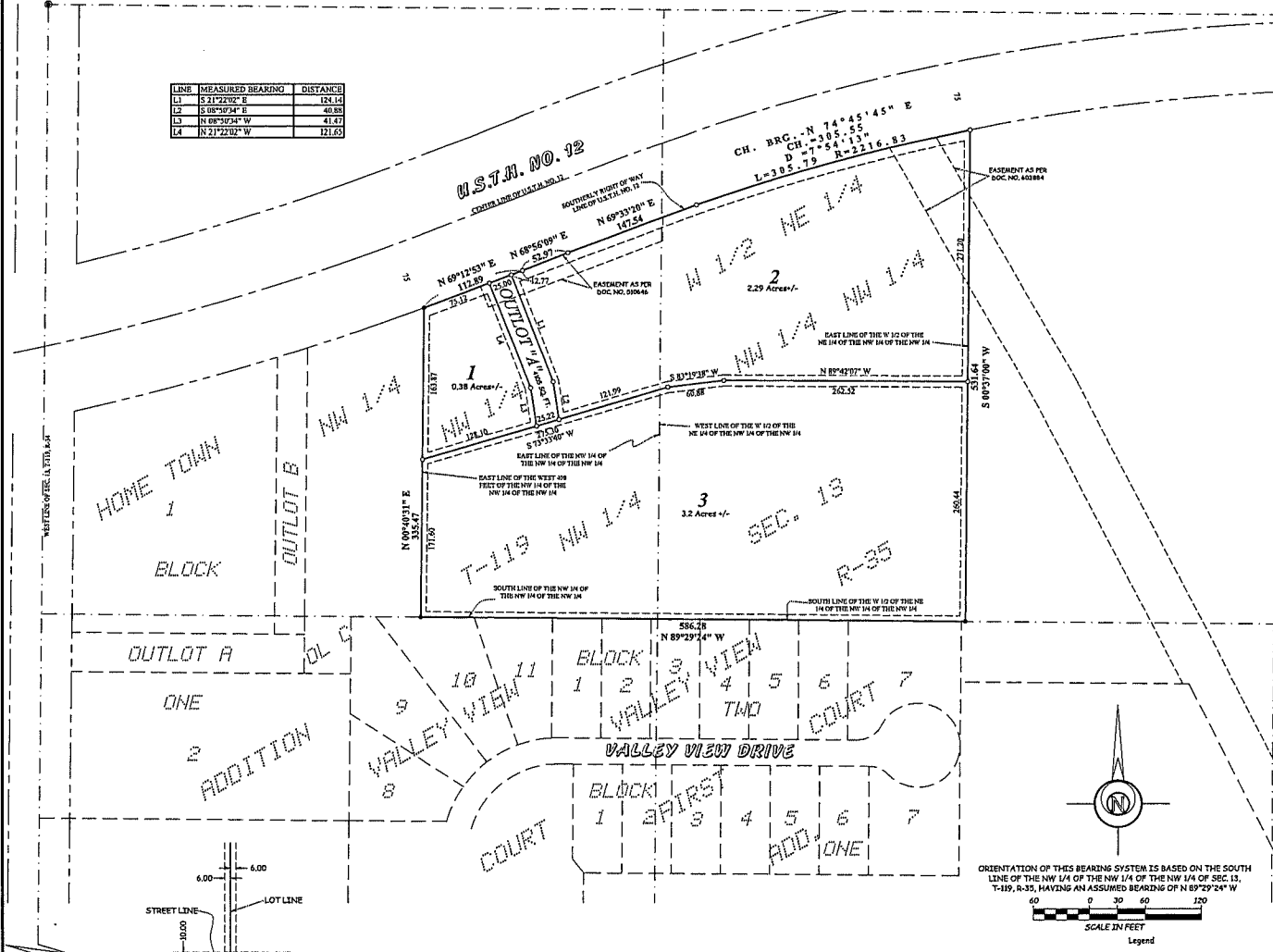
COUNCIL MEETING DATE: November 20, 2017 **CONSENT AGENDA** **AGENDA**

O'MALLEY & KRON LAND SURVEYORS, INC.
1064 2ND ST. SE
WILLMAR, MN 56201
TEL 320-235-9472

MIDWEST STORAGE ADDITION

1/4 COR. SEC. 13
T-119, R-35

LINE	MEASURED BEARING	DISTANCE
L1	S 21° 22' 02" E	124.01
L2	S 08° 50' 24" E	40.88
L3	N 08° 50' 24" W	41.47
L4	N 21° 22' 02" W	121.62



KNOW ALL MEN BY THESE PRESENTS: that Bruce L. Nelland and Merry J. Nelland, husband and wife, fee owner, and Myron Krupa, a single person, contract purchaser, of the following described property:

That part of the NW 1/4 of the NW 1/4 of the NW 1/4 and of the W 1/2 of the NE 1/4 of the NW 1/4 of the NW 1/4 of Section 13, Township 119, Range 35 lying and being South of the Secondary right-of-way line of U.S.T.H. No. 12 EXCEPTING therefrom the West 408 feet of said NW 1/4 of the NW 1/4 of the NW 1/4.

Have caused the same to be surveyed and plotted as MIDWEST STORAGE ADDITION and do hereby dedicate to the public for public use the drainage and utility easements as created by this plat.

In witness whereof said Bruce L. Nelland and Merry J. Nelland, husband and wife, have hereunto set their hands this day of _____, 20__.

Bruce L. Nelland _____ Merry J. Nelland _____
STATE OF _____)
COUNTY OF _____) SS
This instrument was acknowledged before me on the _____ day of _____, 20__, by Bruce L. Nelland and Merry J. Nelland, husband and wife.

(Notary Signature) _____ (Notary Printed Name) _____

Notary: Public Kandiyohi County, State of Minnesota
My Commission Expires: _____

In witness whereof said Myron Krupa, a single person, has hereunto set his hand this day of _____, 20__.

Myron Krupa _____
STATE OF _____)
COUNTY OF _____) SS
This instrument was acknowledged before me on the _____ day of _____, 20__, by Myron Krupa, a single person.

(Notary Signature) _____ (Notary Printed Name) _____

Notary: Public Kandiyohi County, State of Minnesota
My Commission Expires: _____

I, Benjamin C. O'Malley, do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been, or will be correctly set within one year; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01 Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this _____ day of _____, 20__.

Benjamin C. O'Malley, Licensed Land Surveyor
Minnesota Registration No. 42300

STATE OF MINNESOTA)
COUNTY OF _____) SS
This instrument was acknowledged before me on the _____ day of _____, 20__, by Benjamin C. O'Malley.

(Notary Signature) _____ (Notary Printed Name) _____

Notary: Public Kandiyohi County, State of Minnesota
My Commission Expires: _____

I, hereby certify that the proper evidence of title has been presented to me and that all parties with an interest in said property have been included in the execution of the above instrument. Dated this _____ day of _____, 20__.

ATTORNEY _____

Approved by the Planning Commission of the City of Willmar, Kandiyohi County, Minnesota, this _____ day of _____, 20__.

CHAIRMAN _____ CLERK _____

Approved by the City Council of the City of Willmar, Kandiyohi County, Minnesota, this _____ day of _____, 20__.

MAYOR _____ CLERK _____

Approved this _____ day of _____, 20__.

ENGINEER, CITY OF WILLMAR _____

I, hereby certify that all taxes are paid for the year _____ for the land herein described.

KANDIYOHI COUNTY TREASURER _____

No delinquent taxes and transfer entered this _____ day of _____, 20__.

KANDIYOHI COUNTY AUDITOR _____

I, hereby certify that the within instrument was filed in this office for record on the _____ day of _____, 20__ at _____ o'clock _____ M. and was duly recorded as Folder No. _____ and as Document No. _____.

KANDIYOHI COUNTY RECORDER _____

DRAINAGE AND UTILITY EASEMENTS
DRAINAGE AND UTILITY EASEMENTS ARE SHOWN
THUS BEING 10 FEET IN WIDTH AND ADJOINING
STREET LINES, AND 6 FEET IN WIDTH AND ADJOINING
LOT LINES, UNLESS OTHERWISE SHOWN.