

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

November 18, 2013  
7:00 p.m.

The regular meeting of the Willmar City Council was called to order by the Honorable Mayor Frank Yanish. Members present on a roll call were Mayor Yanish, Council Members Denis Anderson, Ron Christianson, Steve Ahmann, Audrey Nelsen, Tim Johnson, Jim Dokken, Rick Fagerlie and Bruce DeBlieck; Present 9, Absent 0.

Also present were City Administrator Charlene Stevens, Police Chief David Wyffels, Finance Director Steve Okins, Planning and Development Services Director Bruce Peterson, Fire Chief Gary Hendrickson, City Attorney Robert Scott, and City Clerk Kevin Halliday.

Council Member Anderson offered a motion adopting the Consent Agenda which included the following: City Council Minutes of November 4, Municipal Utilities Commission Minutes of November 12, Planning Commission Minutes of November 13, Accounts Payable Report through November 13, Application for Appointment - Dr. Richard Kacher to Airport Commission, Applications for Exempt Permits - Willmar Firefighters Association and Rocky Mountain Elk Foundation, and Building Inspection Report for October, 2013. Council Member Ahmann seconded the motion, which carried.

At 7:02 p.m. Mayor Yanish opened a hearing on an Ordinance Amending Chapter 10, Offenses and Miscellaneous Provisions, Article III, Dangerous Weapons, Section 10-54, Discharge of Firearms and Adopting New Section 10-55, Shooting of Bow and Arrow Within the City of Willmar. Police Chief Wyffels provided details of the proposed changes, the time frame for permit length, and the prohibition of the discharge of bows and arrows with exceptions. There was no one present to speak for or against the proposed Ordinance and Mayor Yanish closed the hearing at 7:04 p.m.

Council Member Christianson offered a motion to adopt, assign a number and order final publication of the Ordinance Amending Chapter 10, Offenses and Miscellaneous Provisions, Article III, Dangerous Weapons, Section 10-54, Discharge of Firearms and Adopting New Section 10-55, Shooting of Bow and Arrow Within the City of Willmar. Council Member Anderson seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

Mayor Yanish recognized Robert Enos who had signed up to address the Council under Open Forum. Mr. Enos expressed concerns with the City/County Economic Development Commission subsidies in agriculture and the low wage tourism industry, suggesting resources be redirected to other economies.

The Labor Relations Committee Report for November 4, 2013, was presented to the Mayor and Council by Council Member Ahmann. There were two items for Council consideration.

Item No. 1      The meeting was called to order.

Item No. 2      City Attorney Scott informed the Committee that the purpose of the training is to find the best candidate and avoid legal and/or contractual claims. Mr. Scott presented an overview of the hiring process noting the need to: a) assess the need to hire for the position, b) conduct a job position analysis, posting and advertising criteria, and application review and preliminary evaluation, and prepare for the interview process; and c) conduct post interview testing and examinations.

Mr. Scott then reviewed with the Committee the process for conducting interviews. He noted the hiring process regulations and applicable laws including civil rights acts, EEO and ADA, Equal Pay Act, Pregnancy Discrimination Act, Fair Credit Reporting Act including City Charter Section 2.08 and City Code Section 2-37. Council Member Ron Christianson arrived at the meeting at 6:10 p.m.

Mr. Scott noted the purpose of the interview process is as follows: a) gather job-related information about the candidate, b) appear professional and organized to candidates – portray a desirable work environment, and c) avoid any employment claims. Further noting the need to establish an interview panel with different expertise, social backgrounds and levels of management (if quorum or more of City Council present, then interview must be open). He suggested interview questions should be narrowly tailored and not personal if unrelated to job types: behavioral, situational, factual, attitudinal, reflective and self-appraisal.

Mr. Scott handed out questions to be “avoided” and offered practical tips like treating applicant respectfully, providing a warm, nonjudgmental interview environment. He offered warnings not to discuss interviews nor interact with job candidates outside of the interview, before or after hiring and refer calls to the City Administrator if contacted. He informed the group that Data Practices generally place applicant data as private data with certain data public after top selections are made. The Council was informed that all interview notes must be maintained in the application file.

The Labor Relations Committee Report for November 4, 2013, was approved as presented and ordered placed on file in the City Clerk’s Office upon motion by Council Member Ahmann, seconded by Council Member Anderson, and carried.

The Mayor and Council considered a Resolution Calling for a Public Hearing on an Ordinance Authorizing Issuance of Hospital Revenue Notes (Rice Care Center Project). Finance Director Okins explained to the Council that the Rice Memorial Hospital Board has approved of the renovation of the Care Center in order to remodel the East, West and Central wings. This will complement the Therapy Suites addition completed in 2011.

Rice Hospital Administrator Mike Schramm noted the new borrowing amount for this project is \$6.2 million and when added to the current refunding of the 2011 Hospital Revenue Bond Issue (\$2.9 million outstanding); the total 2013 Hospital Revenue Bond Issue will be \$9.1 million.

Following discussion, Resolution No. 1, Calling for a Public Hearing on Ordinance Authorizing Issuance of Hospital Revenue Notes (Rice Care Center Project) and scheduling a public hearing on the Ordinance for December 2, 2013, was introduced by Council Member Anderson. Council Member Dokken seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 1

RESOLUTION CALLING FOR A PUBLIC HEARING ON ORDINANCE AUTHORIZING ISSUANCE OF  
HOSPITAL REVENUE NOTES (RICE CARE CENTER PROJECT)

(For Resolution in its entirety, see City Council Proceedings file dated  
November 18, 2013, located in the City Clerk’s Office)

The Mayor and Council considered a Resolution Calling for a Public Hearing on an Ordinance Authorizing Issuance of Hospital Revenue Notes (Rice Home Medical and Care Center Project). Rice Hospital Administrator Schramm explained the Rice Memorial Hospital Board has approved the addition to the Therapy Suites and the anticipated renovation of the Home Medical Store in Alexandria, Minnesota. Estimated new borrowing for this project is \$2.8 million.

Resolution No. 2, Calling for a Public Hearing on Ordinance Authorizing Issuance of Hospital Revenue Notes (Rice Home Medical and Care Center Project) and schedule a public hearing on the Ordinance for

December 2, 2013, was introduced by Council Member Anderson. Council Member DeBlieck seconded the motion, which carried on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 2

RESOLUTION CALLING FOR A PUBLIC HEARING ON ORDINANCE AUTHORIZING ISSUANCE OF HOSPITAL REVENUE NOTES, (RICE HOME MEDICAL AND CARE CENTER PROJECT)

(For Resolution in its entirety, see City Council Proceedings file dated November 18, 2013, located in the City Clerk's Office)

Rice Hospital Administrator Schramm informed the Council of the customary need to adopt reimbursement resolutions to recoup certain initial expenditures from the future proceeds of notes sold.

Resolution No. 3, Declaring the Official Intent of the City to Reimburse Certain Expenditures for the two Rice Hospital projects, was introduced by Council Member Christianson, seconded by Council Member Anderson, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

RESOLUTION NO. 3

DECLARING THE OFFICIAL INTENT OF THE CITY OF WILLMAR, MINNESOTA TO REIMBURSE CERTAIN EXPENDITURES FROM THE PROCEEDS OF NOTES TO BE ISSUED BY THE CITY

WHEREAS, the Internal Revenue Service has issued Treas. Reg. § 1.150-2 (the "Reimbursement Regulations") providing that proceeds of tax-exempt notes used to reimburse prior expenditures will not be deemed spent unless certain requirements are met; and

WHEREAS, the City of Willmar, Minnesota (the "City"), a duly organized and existing home rule charter city organized and existing under its charter and the Constitution and laws of the State of Minnesota, expects to incur certain expenditures that may be financed temporarily from sources other than tax-exempt notes and other obligations, and reimbursed from the proceeds of tax-exempt notes or other obligations to be issued by the City; and

WHEREAS, the City has determined to make this declaration of official intent (the "Declaration") to reimburse certain costs from proceeds of tax-exempt notes or other obligations in accordance with the Reimbursement Regulations.

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

1. The City proposes to pay all or a portion of the costs of (i) the renovation of the east wing of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "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; (ii) the renovation of the west wing of the 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; (iii) the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen and (iv) the acquisition, construction and equipping of approximately 7 additional short-stay rooms attached to the 23 existing short-stay resident rooms, additional therapy space, a loading/receiving area, maintenance shop, and storage (collectively, the "Rice Memorial Hospital Project") and the acquisition, construction and equipping of tenant improvements to the existing Rice Home

Medical store in Alexandria to provide a "Women's Health" store and the expansion of clinical space, repair room, and showroom (collectively, the "Rice Home Medical Project" and, together with the Rice Memorial Hospital Project, the "Projects").

2. The City reasonably expects to reimburse the expenditures made for certain costs of the Project from the proceeds of one or more series of revenue notes or other obligations in a principal amount currently estimated not to exceed \$12,000,000 (the "Notes"). All reimbursed expenditures of the Project will be capital expenditures, costs of issuance of the tax-exempt notes or other obligations, or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Reimbursement Regulations.

3. This Resolution confirms that, by resolutions of the Hospital Board on December 12, 2012 and November 20, 2013 on behalf of the City, a Declaration has been made not later than 60 days after payment of any original expenditure to be subject to a reimbursement allocation with respect to the proceeds of the Notes or other obligations, except for the following expenditures: (a) costs of issuance of notes or other obligations; (b) costs in an amount not in excess of \$100,000 or 5% of the proceeds of an issue of notes or other obligations; or (c) "preliminary expenditures" up to an amount not in excess of 20% of the aggregate issue price of the issue or issues that finance or are reasonably expected by the City to finance the project for which the preliminary expenditures were incurred. The term "preliminary expenditures" includes architectural, engineering, surveying, note issuance, and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

4. This Declaration is an expression of the reasonable expectations of the City based on the facts and circumstances known to the City as of the date hereof. The anticipated original expenditures for the Project and the principal amount of the Notes or other obligations described in paragraph 2 are consistent with the City's budgetary and financial circumstances. No sources other than proceeds of the Notes or other obligations to be issued by the City are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the City's budget or financial policies to pay such Project expenditures.

5. This Declaration is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

Dated this 18<sup>th</sup> day of November, 2013.

/s/ Frank Yanish  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

Planning and Development Services Director Peterson presented to the Mayor and Council a Resolution regarding the intent to reimburse for the City's 2014 street improvement project, which will insure the City will be reimbursed for project costs. Following discussion, Resolution No. 4 was introduced by Council Member Anderson, seconded by Council Member Ahmann, reviewed by Mayor Yanish, and approved on a roll call vote of Ayes 8, Noes 0.

#### RESOLUTION NO. 4

#### RESOLUTION ESTABLISHING PROCEDURES RELATING TO COMPLIANCE WITH REIMBURSEMENT BOND REGULATIONS UNDER THE INTERNAL REVENUE CODE

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

1. Recitals.

A. The Internal Revenue Service has issued Treasury Regulations, Section 1.150-2 (as the same may be amended or supplemented, the "Regulations"), dealing with "reimbursement bond" proceeds, being proceeds of the City's bonds used to reimburse the City for any project expenditure paid by the City prior to the time of the issuance of those bonds.

B. The Regulations generally require that the City make a declaration of intent to reimburse itself for such prior expenditures out of the proceeds of subsequently issued bonds, that such declaration be made not later than 60 days after the expenditure is actually paid, and that the bonding occur and the written reimbursement allocation be made from the proceeds of such bonds within 18 months after the later of (1) the date of payment of the expenditure or (2) the date the project is placed in service (but in no event more than 3 years after actual payment).

C. The City heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations.

D. The City's bond counsel has advised the City that the Regulations do not apply, and hence the provisions of this Resolution are intended to have no application, to payments of City project costs first made by the City out of the proceeds of bonds issued prior to the date of such payments.

2. Official Intent Declaration. The Regulations, in the situations in which they apply, require the City to have declared an official intent (the "Declaration") to reimburse itself for previously paid project expenditures out of the proceeds of subsequently issued bonds. The Council hereby authorizes the City Clerk to make the City's Declarations or to delegate from time to time that responsibility to other appropriate City employees. Each Declaration shall comply with the requirements of the Regulations, including without limitation the following:

A. Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the City reasonably expects to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A, which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

B. Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.

C. Care shall be taken so that the City, or its authorized representatives under this Resolution, not make Declarations in cases where the City doesn't reasonably expect to issue reimbursement bonds to finance the subject project costs, and the City officials are hereby authorized to consult with bond counsel to the City concerning the requirements of the Regulations and their application in particular circumstances.

D. The Council shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the City has made Declarations.

3. Reimbursement Allocations. The designated City officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the City's use of the applicable bond proceeds to reimburse the original expenditures.

4. Effect. This Resolution shall amend and supplement all prior resolutions and/or procedures adopted by the City for compliance with the Regulations (or their predecessor versions), and, henceforth, in the event of any inconsistency, the provisions of this Resolution shall apply and govern.

Dated this 18<sup>th</sup> day of November, 2013.

/s/ Frank Yanish  
MAYOR

/s/ Kevin Halliday  
Attest: CITY CLERK

The Mayor and Council considered a Preliminary Plat for property owned by Gesch Properties LLC. Planning and Development Services/Acting Public Works Director Peterson explained that the property owners wished to subdivide the plat which is bisected by 5<sup>th</sup> Street SE into two parcels. The lot sizes and minimum lot frontages well exceed Zoning Ordinance minimums, and the Planning Commission had reviewed and approved the preliminary plat. Council Member Anderson moved to approve the Gesch 19<sup>th</sup> Avenue Addition Preliminary Plat with Council Member Dokken seconding the motion, which carried.

The Mayor and Council considered a Preliminary Plat for Industrial Park Fourth Addition. Planning and Development Services/Acting Public Works Director Peterson explained that the plat is a 25-lot subdivision for Industrial Park expansion west of County Road 5. The Planning Commission approved the Preliminary Plat with conditions regarding utility easements, street layouts and drainage. Council Member Anderson moved to approve the Industrial Park Fourth Addition Preliminary Plat with Council Member Christianson seconding the motion, which carried.

City Clerk Halliday presented to the Mayor and Council details of Currency Exchange Applications the City has received from Darrell K. Sunvold, d.b.a. Quick Funds, Inc. and Bennett Ventures, Inc. d.b.a. Checks Cashed and Payday Loans. Following discussion, Council Member Christianson moved to schedule public hearings for the Currency Exchange Applications on December 2, 2013. Council Member Johnson seconded the motion, which carried.

Pursuant to the newly adopted Dangerous Weapons Ordinance calling for Council approval of designated archery ranges within the City, Council Member DeBlieck moved to approve Little Crow Archery Range (located at 435 Benson Avenue SW) as an approved archery range. Council Member Christianson seconded the motion, which carried.

Council Member Ahmann inquired on the process for approval of a qualifying archery range. Following discussion, Council Member DeBlieck moved to refer the issue of establishing criteria to approve future archery ranges to the Community Development Committee. Council Member Fagerlie seconded the motion, which carried.

Council Member Christianson commented that quiet zones are signed but not being followed. Planning and Development Services Director Peterson explained that train crews are not familiar with the crossing's new status. Staff will contact Burlington Northern Santa Fe Railroad officials.

Council Member Christianson inquired if the new Casey's has a storm water plan. Planning and Development Services Director Peterson noted a plan was approved by the contracted City Engineer.

Council Member Christianson inquired about the current direction for the Storm Water Task Force and asked for an update on Public Works Director vacancy.

Council Member Christianson further inquired if the "acting or interim" Public Works Department Director needed to have Council approval. City Administrator Stevens noted it was simply a matter of a Department Director assuming additional tasks without compensation.

Council Member Christianson opined that Public Works street improvements with major field adjustments needs to come back to Council and shouldn't be finalized by administrative orders. This procedural matter was referred to the Public Works/Safety Committee.

Council Member Ahmann inquired if the Council should discuss Mr. Enos' comments regarding the work of the Economic Development Commission. He voiced further concerns with the EDC high reserves. By consensus, the matter would be placed on the appropriate Committee agenda.

Announcements for Council Committee meeting dates were as follows: Finance, November 19; Public Works/Safety, November 26, and Labor Relations, November 27, 2013

There being no further business to come before the Council, the meeting adjourned at 8:11 p.m. upon motion by Council Member Ahmann, seconded by Council Member DeBlieck, and carried.

Attest:

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
SECRETARY TO THE COUNCIL

**RICE MEMORIAL HOSPITAL**

**BOARD OF DIRECTORS**

**November 20, 2013**

**PRESENT:** David Anfinson, President; Steve Cederstrom, Vice President; Eric Weiberg, Secretary; Dr. Michael Gardner, Treasurer; and Directors, Dr. Douglas Allen and Andrea Carruthers

**EXCUSED:** Director, Dr. Lachlan Smith

**ADMINISTRATIVE STAFF:** Michael Schramm, CEO; Bill Fenske, Teri Beyer, Wendy Ulferts, Dr. Ken Flowe, Sandy Roelofs, Dale Hustedt

**GUESTS:** Shirley Carter, Lynn Stier, Dr. Fred Hund, Jim Dokken

**Call to Order:** President Anfinson called the meeting to order at 5:32 p.m.

**Board Appointment Approval:** **ACTION:** A motion was made by Director Allen, seconded by Director Gardner and carried that item number IX. G: 1-2 be moved on the agenda to prior to action on Item III. President Anfinson introduced Andrea Carruthers, new member of the Hospital's Board of Directors, replacing Jenna Fischer. **ACTION:** A motion was made by Director Allen, seconded by Director Gardner and carried that Director, Eric Weiberg be appointed to the office of Secretary of the Rice Memorial Hospital Board of Directors. **ACTION:** A motion was made by Director Cederstrom, seconded by Director Allen and carried that Director, Eric Weiberg be appointed as a representative from the Rice Memorial Hospital Board of Directors to the Rice Trust, replacing Jenna Fischer.

**Meeting Minutes Approval:** **ACTION:** A motion was made by Director Gardner, seconded by Director Allen and carried that the minutes of the September 25, 2013 meeting be approved as written.

**Board Education: IMPACT Program:** A) Lynn Stier presented an update to the Board on the Hospital's IMPACT program in regard to the following: 1) IMPACT basic concepts. 2) IMPACT components/measurements. 3) IMPACT's approach. 4) Baseline Administration. 5) Post-concussion testing. 6) How the IMPACT program works. 7) Return to play criteria. 8) Minnesota State High School regulations in regard to managing concussions. 9) Local schools currently being tested. 10) Local sports being tested. 11) IMPACT statistics. 12) Funding for the IMPACT program.

**Patient Experience:** Teri Beyer reviewed a patient experience sent to her from a member of the Hospital's Medical Staff. The physician wished to express his thanks to the Rice staff for their excellent experience and care they received in the Women & Children's Care unit as follows: A) The way the unit was run was seamless. B) The physicians, nurses, and surgical staff were very kind, efficient, supportive and professional. C) The physician and his wife were very grateful and impressed with their recent experience at Rice Hospital.

**Quality Report:** Teri Beyer reviewed recent recognitions received by Rice Hospital from the Minnesota Hospital Association (MHA), as follows: A) Carla Fostervold, Pre-services, was awarded a MHA Good Catch for Patient Safety Award, for outstanding efforts made to keep patients safe. Carla's good catch involved a discrepancy between the documentation received before a patient's surgery and the actual surgical procedure the patient had scheduled. B) Rice Hospital received the MHA Partnership for Patients Excellence Award for demonstrating high performance and reaching benchmarks on four hospital-acquired conditions. Rice's high performance areas include: 1) Reducing falls. 2) Reducing early elective deliveries in OB. 3) Low rates of birth trauma in newborns. 4) Decreasing readmission rates.

**Financial Report:** Bill Fenske reviewed the Hospital's financial statements for the period ending September 30, 2013 as follows: A) September was a positive month in terms of financial performance compared to budget and in terms of

actual performance. B) Rice generated a profit of \$303,000 from operations compared to budgeted Operating Income of \$298,000 C) The primary contributing factors for September's positive results were stable revenues compared to budget and lower expenses at the Hospital. D) Although Hospital Operating Revenues were 2.7% less than budget and 14% greater than the prior year, Hospital Expenses were 4.5% less than budget and 3.5% less than the prior year. E) Rice Care Center activity generated Operating Income of \$28,000 while Rice Home Medical incurred a \$7,700 loss compared to an expected loss of \$29,000. F) Cash and general investments have decreased \$2.1 million since December 31, 2012 due to lower than anticipated operating performance and funding the various construction projects through operations.

**2013 Audit Process – Bill Fenske:** The Hospital's 2013 auditing process was reviewed and discussed at the November 14 Finance Committee meeting. In 2012 the Board did approve changing its Audit firm from Clifton LarsonAllen firm to the McGladrey firm. The Committee's recommendation is to remain with the McGladrey firm for the 2013 audit process. **ACTION: A motion was made by Director Gardner, seconded by Director Cederstrom and carried that Rice Memorial Hospital engage the firm of McGladrey for the purpose of conducting the 2013 audit for Rice Memorial Hospital, as recommended by its Finance Committee; and that the annual fee for these services is \$48,950.**

**2014 Financial Forecast:** Bill Fenske presented the 2014 Forecast. The reports distributed were similar to prior year's budgeting products, however the process was significantly different. The starting point utilized the same process of reviewing volume activity. Monthly stats were summarized by quarter and graphed to visualize trend lines. Volumes have flattened out over the last two years. A weighted formula was used to project 4<sup>th</sup> quarter 2013 and all four quarters of 2014 statistics resulting in flat volumes going forward. Although there has been a slight upward movement in inpatient activity, it has not offset the decline in outpatient revenues. We are projecting that outpatient activity will continue to decline. While Hospital charges are projected to increase 3%, Net Revenue is not projected to increase as they have historically. The payer mix activity trend reflects a continual shift to government sources. This trend is projected to continue assuming a 1% increase in government payers in 2014 which has a significant impact on reimbursement and continued pressure on controlling costs. The identified 2% cost reduction initiatives were factored in for the appropriate time frame. Additional initiatives to push down expenses were also included. FTE's will be adjusted to forecasted volumes. Reducing Purchased Service expenditures will be a focus in the coming year. Discretionary expenses such as Education, Travel, and Dues were projected to remain flat. The 2014 Forecast as presented results in an Operating Margin of 2%, Excess Margin - 2.5%, EBIDA - 12.6%. Productivity measures of FTE per Adjusted Admit and FTE per Adjusted Patient Day are critical to staffing levels. Efforts to improve the ratios will come from attrition, holding the line on replacements. Care Center hours per resident day will be lower at year end, but throughout the year, productivity will measure 6.5 to 7.0 until full occupancy is achieved around July at the end of all construction projects. Home Medical sales per FTE will increase substantially with a 33% increase in sales projected following the opening of the new store in Redwood Falls and various store renovations. **ACTION: A motion was made by Director Anfinson, seconded by Director Allen and carried that the proposed 2014 Forecast for Rice Memorial Hospital be approved as presented and recommended by the Finance Committee.**

**Medical Staff Report:** Dr. Hund reviewed the minutes of the September 24, 2013 Executive and Credentials Committee meetings as well as the October 22, 2013 Executive and Credentials Committee meetings. He reviewed the revised Utilization Review Plan and the Quality Improvement Plan for Rice Memorial Hospital and indicated that these changes were approved by the Medical Staff Executive Committee who is recommending approval of same by the Hospital Board of Directors. **ACTION: A motion was made by Director Allen, seconded by Director Weiberg, and carried that the Utilization Review Plan and the Quality Improvement Plan for Rice Memorial Hospital be approved as presented and recommended.** **ACTION: A motion was made by Director Allen, seconded by Director Weiberg and carried that the minutes of the September 24, 2013 and October 22, 2013 Executive Committee meetings be approved as**

presented; and that the Credentials Committee minutes be approved for the September 24, 2013 and October 22, 2013 meetings, which include the proposed appointments to the Medical Staff of Rice Memorial Hospital.

**CEO Report – Mike Schramm:**

- A. Rice Home Medical (RHM): 1) A grand opening at the Willmar store is planned for November 21. 2) The Redwood Falls store project will be completed by the end of the year with a grand opening scheduled for some time in early 2014. All of the stores will be carrying the Bellaforma line which carries products for women's health needs.
- B. Willmar Regional Cancer Center (WRCC): Dr. Ewa Wysokinska, Medical Oncologist, joined the WRCC this week. Dr. Hanna also continues as a full-time Medical Oncologist in the Cancer Center. Dr. Ryan is currently working part-time in the Cancer Center and will continue in this capacity providing outreach services. Radiation Oncologist services have been provided through a contract arrangement with Minneapolis Radiation Oncology. As a result of Dr. Ling's retirement, these services will now be provided through a contractual arrangement with Virginia Piper Cancer Institute and the Allina Health system. A new permanent Radiation Oncologist has been recruited and will begin work at WRCC in mid-January.
- C. Master Facility Plan: Progress continues with the Perkins + Will group on master facility planning efforts.
- D. Rice Care Center (RCC): 1) Progress continues on the Nursing Home and Therapy Suites building projects. 2) Approximately 1.5 million dollars has been raised/received for the Care Center's capital campaign.
- E. Rice Regional Dental Clinic (RRDC): Discussions continue on the funding and stability of the RRDC. Concerns have been expressed with the timeline in terms of grant applications. Mike Schramm will be meeting with representatives of the University of Minnesota Dental School and the Delta Dental Foundation on November 26 in regard to a proposed three-year grant for the RRDC. The U of M dental school has developed a video in order to promote the RRDC program and its services, which will be viewed at the meeting next week.

**New Business:**

- A. Medical Staff Development Plan Presentation: Dr. Flowe reviewed the following information for the Board from the recently completed Physician Demand and Market Share Assessment: 1) Service area definition. 2) Age distribution for the period 2013-2018. 3) Projected population change for the period 2013 – 2018. 4) Increasing complexity of care (Family Practice/Internal Medicine/Medical Specialties). 5) Physician Demand Projections – PSA, 2013 and 2018. 6) Primary care demand projections - PSA, 2013 and 2018. 7) Medical Specialty demand projections – PSA, 2013 and 2018. 8) Surgical specialty demand projections – PSA, 2013 and 2018. 9) Hospital physician demand projections – PSA, 2013 and 2018. 10) Critical needs for Rice Hospital: a) Current: Hospital Medicine, Orthopedics and Psychiatry. b) In five years: General Surgery, Hospital Medicine, OB/GYN, Orthopedics, and Psychiatry.
- B. Orthopedic Services: Mike Schramm reviewed recent discussions that have been held with the Board's Executive Committee in regard to Orthopedic service line changes as follows: 1) Rice has been supportive historically with Orthopedics needs/services. 2) The goal now is to find a long term solution for providing Orthopedic services to our community and the surrounding area. 3) Heartland Orthopedics has been providing services to the Willmar community/area for approximately six years. These physicians, however, have not been required to provide call coverage. 4) With the continued need to recruit additional Orthopedic Surgeons into our community this issue has been further discussed by the Medical Staff Executive Committee. 5) An expectation was laid out for Heartland Orthopedics to begin providing call coverage. 6) The Willmar Orthopedic Surgeons currently take call, but with Dr. Lister leaving, the Hospital will only have one Orthopedic Surgeon available to provide call coverage. 7) One possible solution would be to joint venture this service line and recruit into one platform, in order to serve the needs of the community, by growing to four full-time Orthopedics Surgeons/physicians. This proposal has been discussed with Heartland and ACMC. 8) Discussions on

Orthopedics continue with a focus on a long-term strategy for Rice Hospital. 9) A subcommittee of the Medical Staff Executive Committee was established to further review and discuss orthopedic call issues/possible solutions. Discussion followed: ACTION: It was the consensus of the Board that the Chief Executive Officer of Rice Memorial Hospital be instructed to use his time, efforts and resources in order to have a sustainable platform in the area of providing Orthopedic services to the Willmar community/its service area.

- C. Rice Home Medical Joint Venture: A) Bill Fenske reviewed documents distributed to the Board for their review in regard to a proposed joint venture agreement with Lake Region Healthcare Corporation (LRHC) for the operation of a durable home medical equipment provider. This is a great opportunity to grow business in this area for both organizations. He reviewed the following documents for the Board: 1) Proposed Resolution. 2) Proposed Agreement with LRHC. 3) Articles of Organization. 4) Member Control Agreement. 5) Organizational Resolutions. 6) RHM Contribution Agreement. 7) Management Services Agreement. **ACTION: A motion was made by Director Allen, seconded by Director Cederstrom and carried to approve the proposed resolution of the Board of Directors of Rice Memorial Hospital acting as a sole member of Rice Home Medical, LLC, (RHM) and entering into a relationship with Lake Region Healthcare Corporation, pursuant to which they will own and operate a durable home medical equipment provider as generally described to the Hospital by the RHM Management Committee, including Exhibit A, Exhibit B, Exhibit C, Exhibit D and Exhibit E. (See Attachment).**
- D. Resolution Approval: Mr. Fenske provided the Board with an update on borrowing funds and reviewed two resolutions which are being brought to the Board for action/approval: 1) Request City of Willmar to issue bonds in the amount of \$9.1 in borrowing which includes refinancing of the existing Care Center bonds. 2) Request a reimbursement resolution for borrowing in 2014 for Project F of the Care Center and the Home Medical Alexandria store renovation. The reimbursement resolution is a requirement through the Internal Revenue Code to initiate borrowing for debt to be considered tax exempt. Six local banks are participating in the debt issuance with a 3.3% rate fixed for 7 years, reset with a ceiling double the current rate (6.6%). The 2013 bond issue will have a 20 year amortization and the 2014 issue will have a 15 year amortization. Both will contain provisions for early pay off without penalties. **ACTION: A motion was made by Director Allen, seconded by Director Weiberg and carried to approve the proposed Resolution of the Board of Directors of Rice Memorial Hospital, regarding City of Willmar Hospital Revenue Notes, Series 2013. (See Attachment). ACTION: A motion was made by Director Weiberg, seconded by Director Allen and carried to approve the proposed Resolution of the Board of Directors of Rice Memorial Hospital declaring official intent to reimburse expenditures with proceeds of debt pursuant to United States Department of Treasury regulations (Home Medical Stores). (See Attachment).**
- E. Rice Home Medical (RHM) Alexandria Store Renovation Bids: Bill Fenske reviewed a summary for the Board in regard to the RHM Alexandria Store renovation bids. At its September, 2013 meeting the Board of Directors authorized Administration to proceed with construction documents and bidding of the renovation with the timeline of bringing back the bids for subsequent approval. The bid tabulation was reviewed, with the low bid received from Rapp Construction, Alexandria, MN. **ACTION: A motion was made by Director Allen, seconded by Director Weiberg and carried that the Rice Memorial Hospital Board of Directors approve the construction bid of \$432,000 for the Rice Home Medical Alexandria Store renovation, with an estimated construction schedule of six months; and that the Board formally approves the commencement of construction in January, 2014.**
- F. Corporate Compliance Plan: Dale Hustedt reviewed for the board the proposed revisions to the Hospital's Corporate Compliance Program. With the passing of the Affordable Care Act, expectations for how corporate compliance programs are designed have been redefined. One major change is the requirement that compliance plans have a proactive approach to identify risk and audit itself to assure that it is effectively complying with regulations. As a result, Hospital Administration has worked with compliance consultants from McGladrey during the past year to review and revise Rice's compliance plan to assure that all of the requirements and

expectations are being met. **ACTION: A motion was made by Director Cederstrom, seconded by Director Allen and carried that the Board of Directors of Rice Memorial Hospital approve the proposed revisions to the Corporate Compliance Program, as well as the Annual Work Plan as presented and recommended.**

- G. Board Committee Appointments: President Anfinson stated that Board Committee appointments typically take place in January each year. However, with the resignation of Director Jenna Fischer, President Anfinson appointed Andrea Carruthers to the Hospital's Care Improvement Team, effective immediately.

**Hospital Committee Reports:**

- A. The Finance Committee met on November 14 with Directors Gardner, Allen, Anfinson and Weiberg in attendance.
- B. Director Weiberg attended the Medical Staff dinner and continuing education event on November 4. A MMA/Legislative update was provided.
- C. The Board's Executive Committee met on October 9 and November 4 with Directors Anfinson, Cederstrom, and Gardner in attendance.
- D. Director Allen and Anfinson reported on the Rice Health Foundation Holiday Festival and Table Setting Fair events held on November 8 and 9. Monies raised at the two events exceeded the Committee's goal of \$140,000.
- E. The Willmar Medical Services Board of Directors met on October 30. In attendance at the meeting were Directors Anfinson and Gardner.
- F. City Council Report - Jim Dokken: 1) He personally thanked Tim Johnson, Councilman, for attending the August and September Hospital Board meetings on his behalf. 2) He attended the 2040 vision meeting held today. 3) Discussion was held at the November 18 City Finance Committee meeting in regard to the 2014 budget for the City of Willmar. 4) He thanked the Rice Hospital and Therapy Suites staff for the excellent care and services provided to him recently.

**Adjournment:** There being no further business, the meeting was adjourned at 8:01 pm.

Submitted by:

Eric E. Weiberg, Secretary

**RESOLUTION OF THE HOSPITAL BOARD OF RICE MEMORIAL HOSPITAL**

**Declaring Official Intent to Reimburse Expenditures with Proceeds of Debt Pursuant to United States Department of Treasury Regulations (Home Medical Stores)**

BE IT RESOLVED, by the Hospital Board (the "Board") of Rice Memorial Hospital (the "Hospital"):

Section 1. The Board hereby finds, determines and declares as follows:

(a) Treasury Regulations Section 1.150-2 (the "Regulations"), prescribe certain procedures requiring that an issuer or borrower timely of tax-exempt bonds declare its official intent to reimburse certain expenditures with the proceeds of debt to be issued by or on behalf of the issuer or borrower.

(b) The Hospital has, within 60 days prior to the date hereof, or will advance its own funds to pay certain capital costs (the "Original Expenditures") associated with the renovation of the Home Medical Store located in Alexandria, Minnesota, and the construction of an addition to the Rice Care Center (known internally as Project F) (the "Project").

(c) Funds advanced or to be advanced by the Hospital to pay the Original Expenditures do not, or will not, consist of funds that were earmarked or intended to be used by the Hospital to permanently finance the Original Expenditures.

(d) As of the date hereof, the Hospital reasonably expects that it will reimburse itself for such Original Expenditures with the proceeds of debt to be issued by one or more of the cities in which the Home Medical Stores are or will be located, of approximately \$2,800,000.

(e) The Hospital understands that reimbursement of Original Expenditures must occur no later than 18 months after the later of (i) the date the Original Expenditure was paid, or (ii) the date the Project is placed in service or abandoned, but in any event not later than 3 years after the Original Expenditure was paid.

(f) Each Original Expenditure was or will be either (i) of a type properly chargeable to capital accounts under general federal income tax principles, (ii) a cost of issuance with respect to the proposed debt, or (iii) a nonrecurring item that is not customarily payable from current revenues.

Section 2. This resolution will take effect upon its passage.

Adopted this 20<sup>th</sup> day of November, 2013.

RICE MEMORIAL HOSPITAL BOARD

By: \_\_\_\_\_

Its: \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
RICE MEMORIAL HOSPITAL  
ACTING AS THE SOLE MEMBER OF RICE HOME MEDICAL, LLC**

**RECITALS:**

**WHEREAS**, the Rice Memorial Hospital, an instrumentality of the City of Willmar (“Hospital”) is the sole member of Rice Home Medical, LLC (RHM), a durable home medical equipment provider;

**WHEREAS**, RHM desires to enter into a relationship with Lake Region Healthcare Corporation (“LRHC”), a Minnesota nonprofit corporation, pursuant to which they will own and operate a durable home medical equipment provider as generally described to the Hospital by the RHM Management Committee;

**WHEREAS**, RHM and LRHC desire to form a Minnesota nonprofit limited liability company named Lake Region Home Medical, LLC to be the entity to operate the durable home medical equipment provider;

**NOW, THEREFORE**, in consideration of the foregoing recitals:

**BE IT RESOLVED**, that, the Agreement to Form Nonprofit Limited Liability Company by and between RHM and LRHC attached hereto as Exhibit A, is hereby approved.

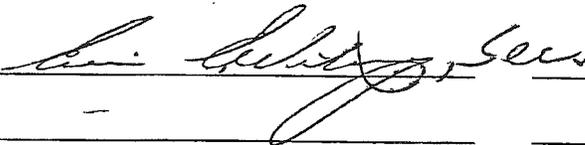
**RESOLVED FURTHER**, that the Articles of Organization attached hereto as Exhibit B, are hereby approved.

**RESOLVED FURTHER**, that the Member Control Agreement by and between RHM and LRHC attached hereto as Exhibit C, is hereby approved.

**RESOLVED FURTHER**, that the RHM Contribution Agreement attached hereto as Exhibit D, is hereby approved.

**RESOLVED FURTHER**, that the Management Services Agreement by and between RHM and Lake Region Home Medical, LLC attached hereto as Exhibit E, is hereby approved.

**IN WITNESS WHEREOF**, the undersigned has executed the foregoing effective as of November 20, 2013.

  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**

**AGREEMENT TO FORM NONPROFIT LIMITED LIABILITY COMPANY**

[INSERT]

**EXHIBIT B**  
**ARTICLES OF ORGANIZATION**

[INSERT]

**EXHIBIT C**

**MEMBER CONTROL AGREEMENT**

[INSERT]

**EXHIBIT D**

**RHM CONTRIBUTION AGREEMENT**

[INSERT]

**EXHIBIT E**  
**MANAGEMENT SERVICES AGREEMENT**

[INSERT]

**RESOLUTION OF THE HOSPITAL BOARD OF RICE MEMORIAL HOSPITAL**

**Regarding City of Willmar Hospital Revenue Notes, Series 2013**

BE IT RESOLVED, by the Hospital Board (the "Board") of Rice Memorial Hospital (the "Hospital"):

Section 1. Rice Memorial Hospital (the "Hospital") has received from Concorde Bank, Lake Region Bank, Heritage Bank, Home State Bank, Bremer Bank and North American State Bank (together, the "Banks") proposed terms and conditions (the "Terms") for the purchase by the Banks of hospital revenue notes to be issued by the City of Willmar to finance the renovation of the Rice Care Center (approximately \$6,200,000) and to currently refund the outstanding principal amount of the City of Willmar Hospital Revenue notes, Series 2011 (the "Series 2011 Notes") (approximately \$2,900,000). The Terms are generally acceptable to the Board.

Section 2. The Board hereby requests that the City of Willmar (the "City") proceed to issue its Hospital Revenue Notes, Series 2013 (the "Notes") consistent with the Terms and sell the same to the Banks.

Section 3. The Board hereby delegates to the Chief Executive Officer and the Chief Financial Officer the authority to approve final terms of the Notes and to execute any documents, agreements or certificates necessary or convenient to in connection with the issuance of the Notes or the redemption of the 2011 Notes on behalf of the Board. The Board further ratifies and approves actions previously taken by staff of the Hospital in connection with the development of the Terms.

Section 4. This resolution will take effect upon its passage.

Adopted this 20<sup>th</sup> day of November, 2013.

RICE MEMORIAL HOSPITAL BOARD

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXTRACT OF MINUTES OF A MEETING OF  
THE RICE MEMORIAL HOSPITAL BOARD OF THE  
CITY OF WILLMAR, MINNESOTA

HELD: November 20, 2013

Pursuant to due call and notice thereof, a regular or special meeting of the Rice Memorial Hospital Board of the City of Willmar, Minnesota, was called and held at the Rice Memorial Hospital on November 20, 2013, at 5:30 o'clock P.M.

The following members were present: David Anfinson, Steve Cederstrom, Eric Weiberg, Michael Gardner, DDS; Douglas Allen, Andrea C arruthers

and the following were absent: Lachlan Smith, M.D.

Member Douglas Allen introduced the following resolution and moved its adoption:

RESOLUTION REQUESTING THE CITY COUNCIL OF THE  
CITY OF WILLMAR TO ISSUE ITS  
HOSPITAL REVENUE NOTES  
(RICE CARE CENTER PROJECT)

WHEREAS, the City of Willmar proposes to issue one or more Hospital Revenue Notes in one or more series in an approximate aggregate principal amount not to exceed \$9,100,000 to defray the costs of (i) the renovation of the east wing of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "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; (ii) the renovation of the west wing of the 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; (iii) the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen and (iv) the acquisition, construction and equipping of approximately 7 additional short-stay rooms attached to the 23 existing short-stay resident rooms, additional therapy space, a loading/receiving area, maintenance shop, and storage (collectively, the "Project"); and

WHEREAS, the City Council has called for a public hearing on December 2, 2013, on an ordinance authorizing the issuance of hospital revenue notes; and

WHEREAS, after the public hearing on December 2, 2013, the City Council will consider a resolution authorizing issuance and sale of such hospital revenue notes (the "Resolution") to provide funds to finance the Project, contingent on no receipt of valid certificate of intent to petition for a referendum on the ordinance; and

WHEREAS, the Board has found that it is necessary and desirable to undertake the Project.

NOW, THEREFORE, BE IT RESOLVED by the Rice Memorial Hospital Board of the City of Willmar, Kandiyohi County, Minnesota, as follows:

1. The Board hereby requests that the City Council of the City of Willmar one or more Hospital Revenue Notes in one or more series in an approximate aggregate principal amount not to exceed \$9,100,000 (the "Notes") to finance the Project.

2. The Board hereby joins in and concurs in the adoption of the Resolution, and adopts all of the covenants and agreements contained therein with the same force and effect as if said Resolution had been adopted by the Board, which Resolution, in the form actually adopted, is incorporated by reference in and made a part of this resolution to the same extent and with the same force and effect as if set out fully herein. The approval hereby given to the Resolution includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by the Pricing Committee described therein.

3. The Board acknowledges and agrees that the Resolution will require Rice Memorial Hospital to remit hospital revenues to the City Finance Director on a monthly basis in amounts sufficient to pay the semi-annual principal and interest due on the Notes.

The motion for the adoption of the foregoing resolution was duly seconded by member Eric Weiberg and, after full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof: Directors Anfinson, Cederstrom, Weiberg, Gardner, Allen and Carruthers.

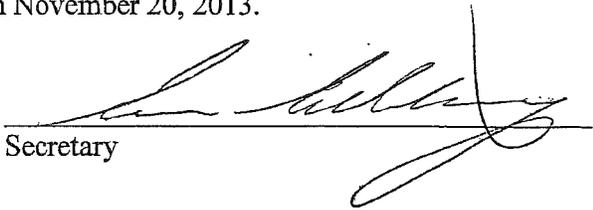
and the following voted against the same:

Whereupon the resolution was declared duly passed and adopted.

STATE OF MINNESOTA  
COUNTY OF KANDIYOHI  
CITY OF WILLMAR

I, the undersigned, being the duly qualified and acting Secretary of the Rice Memorial Hospital Board of the City of Willmar, Minnesota, DO HEREBY CERTIFY that I have compared the attached and foregoing extract of minutes with the original minutes on file and of record in my office and that the same is a full, true and correct transcript of minutes of a meeting of the Rice Memorial Hospital Board duly held on the date therein indicated, insofar as the same relates to a meeting regarding a request to the City Council of the City of Willmar to issue its hospital revenue notes.

WITNESS my hand as such Secretary on November 20, 2013.

  
Secretary

**WILLMAR MUNICIPAL UTILITIES MINUTES**  
**MUNICIPAL UTILITIES AUDITORIUM**  
**NOVEMBER 25, 2013**

The Municipal Utilities Commission met in its regular scheduled meeting on Monday, November 25, 2013 at 11:45 a.m. in the Municipal Utilities Auditorium with the following Commissioners present: Steve Salzer, Matt Schrupp, Jerry Gesch, Dan Holtz, Carol Laumer, Jeff Nagel, and Joe Gimse.

Others present at the meeting were: General Manager Wesley Hompe, Supt. of Water/Heating Bart Murphy, Director of Finance Tim Hunstad, Director of Operations John Harren, Electric Production Supervisor Jon Folkedahl, Customer Service Supervisor Stacy Stien, Power Supply Broker Chris Carlson, Administrative Secretary Beth Mattheisen, Councilman Bruce DeBlieck, City Attorney Robert Scott (via teleconference), and WC Tribune Journalist David Little.

President Salzer opened the meeting by requesting a resolution to approve the Consent Agenda. Following a review, Commissioner Laumer offered a resolution to approve the Consent Agenda as presented. Commissioner Holtz seconded.

**RESOLUTION NO. 44**

"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 November 12, 2013 Commission meeting; and,
- ❖ Bills represented by vouchers No. 132115 to No. 132204 inclusive in the amount of \$2,053,284.77 including a MISO credit in the amount of \$103,798.34.

Dated this 25<sup>th</sup> day of November, 2013.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

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

At this time, a number of Utility-related reports were presented for information and discussion. Customer Service Supervisor Stien reviewed with the Commission the September 2013 Sales & Revenue Report. Power Supply Broker Carlson presented the Commission with an assessment of the September 2013 Power Supply Report. Director of Finance Hunstad reviewed with the Commission the October 2013 Financial Report along with the October 31, 2013 Investment Report.

General Manager Hompe and Director of Finance Hunstad reviewed with the Commission the revised 2014 WMU Budget being currently proposed. The first draft of the 2014 Budget had been previously presented to the Commission at their November 12<sup>th</sup> MUC meeting followed by a presentation to the City Finance Committee on November 19<sup>th</sup>. Following extensive input & discussions by Staff, a number of adjustments and/or modifications had been made to the proposed Budget. The major revisions were presented to the Commission for discussion. A request for final approval of the 2014 WMU Budget will be presented to the Commission at their December 9<sup>th</sup> meeting.

General Manager Hompe informed the Commission that Central Minnesota Municipal Power Agency (CMMPA) has requested the WMU designate a voting representative on the Transmission Project Coordinating Committee (TPCC). This representative would vote on behalf of the Commission regarding any issues that come before the TPCC. The option to increase their investment in the current CapX2020 Transmission Project (Brookings-Twin Cities portion) is the question to be voted on by December 12, 2013. CapX2020 is the joint initiative of 11 transmission-owning utilities in Minnesota and the surrounding region to ensure continued reliable and affordable service in the future. Following discussion, it was the consensus of the Commission to appoint General Manager Hompe to serve as the representative on the TPCC for the Transmission Project. The Commission agreed that the increase in percentage is in the best interest of WMU. It was noted that no additional financing or funding would be necessary for the additional investment by WMU. Following discussion, Commissioner Schrupp offered a resolution to approve the appointment of General Manager Hompe to serve as the voting representative on the Transmission Project Coordinating Committee. Commissioner Gesch seconded.

#### **RESOLUTION NO. 45**

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

Commissioner Schrupp informed the Commission that a resolution was being requested to approve the minutes of the October 30<sup>th</sup> WMU Labor Committee meeting. It was noted that among the items included in the minutes was a wage adjustment which would require formal authorization by the Commission. Following discussion, Commissioner Schrupp offered a resolution to approve the minutes of the October 30, 2013 WMU Labor Committee meeting as presented. Commissioner Laumer seconded.

#### **RESOLUTION NO. 46**

"BE IT RESOLVED, by the Municipal Utilities Commission of the City of Willmar, Minnesota, that the minutes from the WMU Labor Committee meeting dated October 30, 2013, be approved as presented incorporating the recommended wage adjustment for the General Manager position."

Dated this 25<sup>th</sup> day of November, 2013.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

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

General Manager Hompe along with a number of additional attendees expressed their positive feedback from their recent attendance at the Vision 2040 Community Meeting held on November 20<sup>th</sup>. Councilman DeBlieck informed the Commission that there is link on the City of Willmar website which presents an overview of the Vision 2040 community effort along with recommendations and strategies.

General Manager Hompe reminded the Commission of upcoming meetings/events to note. These include:

- Union/WMU Labor Negotiation Sessions – Dec. 3 & 10 (8:30/9:00 a.m.)
- APPA Legislative Rally (Washington, DC) –March 10-12, 2014 (please contact Beth if you plan to attend)

There being no further business to come before the Commission, Commissioner Schrupp made a motion to adjourn the meeting. Commissioner Holtz seconded the motion, and the meeting was adjourned by a vote of seven ayes and zero nays.

Respectfully Submitted,  
WILLMAR MUNICIPAL UTILITIES

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Beth Mattheisen  
Administrative Secretary

ATTEST:

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Jerry Gesch, Secretary

## Willmar Municipal Utilities

### Resolution No. 45

**BE IT RESOLVED** by the Willmar Municipal Utilities Commission of the City of Willmar, MN (hereinafter referred to as "Commission"), as follows:

Section 1. In accordance with Section 404 of the Brookings-Twin Cities Transmission Project Agreement (the "Brooking Project Agreement") between the Commission and Central Minnesota Municipal Power Agency ("CMMPA"), the Commission hereby appoints Wesley Hompe as its representative on the Transmission Project Coordinating Committee for the Transmission Project (as the foregoing terms are defined in the Brookings Project Agreement), with the power and authority to take action on behalf of the Commission within the scope of the powers granted to the Transmission Project Coordinating Committee by Section 404 of the Brookings Project Agreement.

Section 2: The appointment of the Commission's Transmission Project Coordinating Committee representative and the power and authority conferred on the Commission's representative by Section 1 of this resolution specifically includes the power to vote on behalf of the Commission with respect to a pending proposal whereby CMMPA may be authorized, by vote of the Transmission Project Coordinating Committee, to proceed with an Elective Increase to CMMPA Percentage Interest (as that term is defined in the Brookings Project Agreement) that would increase CMMPA's Percentage Interest in the Transmission Project from [3.6%] to [3.9%] (the "Proposed Increase").

Section 3: The Commission acknowledges and agrees that if the Transmission Project Coordinating Committee votes, in accordance with the requirements of Section 404(d) of the Brookings Project Agreement, to authorize the Proposed Increase, (a) this will authorize, but not obligate, CMMPA to undertake the actions necessary to contractually commit itself to the Proposed Increase, and (b) if CMMPA does contractually commit itself to the Proposed Increase, the Commission (without any further authorizing action by the Commission) will be obligated in accordance with the terms of the Brookings Project Agreement to pay its Participant Share of additional Monthly Transmission Project Costs (as the foregoing terms are defined in the Brookings Project Agreement) resulting from the Proposed Increase, even if the Commission's representative appointed in Section 1 of this resolution has voted against the Proposed Increase.

Section 4: The appointment of the Commission's Transmission Project Coordinating Committee representative and the power and authority conferred on the Commission's representative by Section 1 of this resolution will remain in effect until the Commission delivers written notice to CMMPA that such appointment has been terminated or superseded.

Adopted this 25<sup>th</sup> day of November, 2013.

\_\_\_\_\_  
President

ATTEST:

By \_\_\_\_\_

Its \_\_\_\_\_



**WILLMAR MUNICIPAL  
UTILITIES  
WMU Labor Committee Meeting  
Minutes**

**Wednesday, October 30, 2013 - 10:00 a.m.**

Attendees: Commissioners Matt Schrupp, Steve Salzer & Joe Gimse and General Manager Wesley Hompe

Committee Chair Schrupp called the meeting to order at 10:07 a.m. by requesting any additions or changes to the presented Agenda. General Manager Hompe made a request to include an update on the current status of the wind turbine generators. Following the addition, the regular scheduled meeting of the WMU Labor Committee continued.

\*\*\*\*\*

**AGENDA:**

➤ **General Manager Performance Evaluation: Discussion & Recommendation**

Commissioner Schrupp (Chair) informed the Committee that General Manager Performance Evaluations had been received from all Commissioners. The seven areas evaluated were: 1) organizational; 2) interpersonal; 3) analytical; 4) motivational; 5) management; 6) professional development; and, 7) overall evaluation. (The rating system for the evaluation was described.) Following a review of the submitted evaluation forms and the inclusion of additional comments, Commissioner Schrupp reviewed with the Labor Committee the findings and comments from these evaluations. Commissioners Schrupp & Salzer interjected their thoughts and comments on General Manager Hompe's job performance (very positive input). The next step in the evaluation process is to allow General Manager Hompe to incorporate his thoughts & comments to the Performance Evaluation form. The finished document will then be forwarded to Commissioner Schrupp (Chair) to be presented to the full Commission at the Nov. 12<sup>th</sup> MUC meeting for their review and approval.

Documentation of the accomplishments and supplemental information including a wage/salary survey (municipalities in MN) was also presented for the Labor Committee to review for consideration. General Manager Hompe also offered his gratitude to the Commissioners for their continued support and participation in both training and Utility-related events.

At this time, salary adjustment consideration for the General Manager's position was discussed. It was noted that formal action by the Commission would be required for a wage adjustment. Factors to be considered concerning the determination of a reasonable adjustment were discussed. Following discussion, Commissioner Salzer offered a motion to adjust the wage/salary of the General Manager by an increase of 3% and also to include an additional 1% increase match on his Deferred Comp contributions retro-active to September 1, 2013. Commissioner Gimse seconded the motion which carried by a vote of three ayes and zero nays.

➤ **Union Negotiations: Discussion**

The first union negotiation session has been scheduled for tomorrow (Oct. 31<sup>st</sup>) beginning at 9:00 a.m. at the Willmar Holiday Inn/Conference Center. (The WMU Labor Committee will meet briefly prior to the regular negotiating session at 8:30 a.m.) General Manager Hompe informed the Labor Committee of recent discussions that he has had with Attorney Frank Madden. It was

the consensus of the Committee to negotiate for a three-year contract with IBEW Local Union #160. Strategies and various options/factors concerning the negotiating process were discussed.

➤ **Miscellaneous Status Reports & Updates:**

1. **Director of Operations:** John Harren will assume the position of Director of Operations beginning Monday, Nov. 4<sup>th</sup>. Mr. Harren will be joining the WMU from the City of Melrose where he held the position of Public Works Director.
2. **HR:** General Manager Hompe presented an update on the continuing effort moving forward to integrate additional HR functions into the WMU workplace. Process is progressing in a positive direction.
3. **Litigation Status Update:** This portion of the meeting was closed to discuss current litigation involving the WMU and a former employee.
4. **Wind Turbine Generators:** General Manager Hompe informed the Committee that an engineer/technician from DeWind is scheduled to arrive in the US on Monday, Nov. 4<sup>th</sup> (along with two high voltage breakers required to repair the generators). We anticipate the return of the wind generators to full operating capacity very soon.

➤ **Adjournment:**

There being no further business to come before the WMU Labor Committee, Commissioner Salzer offered a motion to adjourn the meeting at 11:33 a.m. Commissioner Gimse seconded the motion which carried by a vote of three ayes and zero nays.



VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 EX M	ACCOUNT NAME	ACCOUNT
BERNICK'S PEPSI-COLA CO 000103 38086 11/26/13 CONCESSION SUPPLIES	392.21		4262		D N	GENERAL SUPPLIES	101.45433.0229
BIG COUNTRY 100.1 FM 002853 38087 11/26/13 ADVERTISING	114.90		35930		D N	ADVERTISING	101.45433.0447
BNSF RAILWAY COMPANY 000129 38088 11/26/13 RR CROSSING SIGNALS	5,119.61		90084997		D N	MICE. OF OTHER I	413.48455.0336
BOLLIG INC 002999 38089 11/26/13 PROFESSIONAL SERVICES	12,577.54		2426		D N	PROFESSIONAL SER	432.48504.0446
BRAD'S PLUMBING 001896 38090 11/26/13 SCREENS-POLYMER SYSTEM	153.96		4293		D N	GENERAL SUPPLIES	651.48486.0229
BRETH-ZENZEN FIRE PROTEC 002788 38091 11/26/13 PROFESSIONAL SERVICES	75.00		2368		D N	PROFESSIONAL SER	101.42412.0446
BSE 001980 38092 11/26/13 BATTERIES	98.65		906470115		D N	GENERAL SUPPLIES	101.42412.0229
38092 11/26/13 BATTERIES	279.63		906470118		D N	GENERAL SUPPLIES	101.42412.0229
38092 11/26/13 SMALL TOOLS	5.99		906497195		D N	SMALL TOOLS	651.48484.0221
38092 11/26/13 COMPRESSOR PARTS	63.10		906545913		D N	MICE. OF EQUIPME	101.45433.0224
	447.43		*CHECK TOTAL				
	447.43						
CANON FINANCIAL SERVICES 002336 38093 11/26/13 COPIER LEASE AGRMT	26.59		13257169		D N	RENTS	101.43425.0440
CARDMEMBER SERVICE 002365 38094 11/26/13 LANGNER-SEMINAR REGIS. 1,	295.00		STMT/10-13		D N	PREPAID EXPENSES	101.128000
38094 11/26/13 STEVENS-MAYOR/ADMIN MITG	10.62		STMT/10-13		D N	SUBSISTENCE OF P	101.41400.0227
38094 11/26/13 MAYOR'S CONTINGENCY FUND	225.00		STMT/10-13		D N	OTHER SERVICES	101.41401.0339
38094 11/26/13 SMALL TOOLS	497.83		STMT/10-13		D N	SMALL TOOLS	101.41409.0221
38094 11/26/13 USB FLASH CARD/DRIVE	53.98		STMT/10-13		D N	SMALL TOOLS	101.41409.0221
38094 11/26/13 SMALL TOOLS	139.65		STMT/10-13		D N	SMALL TOOLS	101.41409.0221
38094 11/26/13 SMALL TOOLS	138.00		STMT/10-13		D N	SMALL TOOLS	101.41409.0221
38094 11/26/13 SMALL TOOLS	348.00		STMT/10-13		D N	SMALL TOOLS	101.41409.0221
38094 11/26/13 BATTERY	17.49		STMT/10-13		D N	MICE. OF EQUIPME	101.41409.0224
38094 11/26/13 SUPPLIES	10.00		STMT/10-13		D N	GENERAL SUPPLIES	101.41409.0229
38094 11/26/13 TRAINING VIDEO SERIES	37.50		STMT/10-13		D N	TRAVEL-CONF. -SCH	101.41409.0333
38094 11/26/13 BROADCASTER SUBSCRIP	49.00		STMT/10-13		D N	SUBSCRIPTIONS AN	101.41409.0443
38094 11/26/13 DROP BOX ACCT FOR 2013	99.00		STMT/10-13		D N	LICENSES AND TAX	101.41409.0445
38094 11/26/13 PERMANENT SOFTWARE LIC.	74.74		STMT/10-13		D N	PROFESSIONAL SER	101.41409.0446
38094 11/26/13 PROFESSIONAL SERVICES	113.43		STMT/10-13		D N	REFUNDS AND REIM	101.41428.0882
38094 11/26/13 PROFESSIONAL SERVICES	117.51		STMT/10-13		D N	SUBSISTENCE OF P	101.42411.0227
38094 11/26/13 RICE HEALTH FNDTN GALA	225.00		STMT/10-13		D N		
38094 11/26/13 SHIRTS-TACTICAL TEAM	169.36		STMT/10-13		D N		

VENDOR NAME AND NUMBER CHECK# DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
CARDMEMBER SERVICE 38094 11/26/13	002365 KING-LODGING EXPENSE	201.64		STMT/10-13		D N	TRAVEL-CONF.-SCH	101.42411.0333
38094 11/26/13	GAS	20.00		STMT/10-13		D N	MOTOR FUELS AND	101.42412.0222
38094 11/26/13	FIREFIGHTER PHOTOS	25.42		STMT/10-13		D N	GENERAL SUPPLIES	101.42412.0229
38094 11/26/13	HENDRICKSON-SEMINAR REG.	225.00		STMT/10-13		D N	TRAVEL-CONF.-SCH	101.42412.0333
38094 11/26/13	COOKIES-UNITED WAY MTC	35.00		STMT/10-13		D N	TRAVEL-CONF.-SCH	101.42412.0333
38094 11/26/13	FLOWERS-HOEKSTRA FUNERAL	42.06		STMT/10-13		D N	GENERAL SUPPLIES	101.43417.0229
	VENDOR TOTAL	4,170.23		*CHECK TOTAL				
CARRANZA/NOE 38095 11/26/13	002547 PROFESSIONAL SERVICES	50.00		1111013		D M 07	PROFESSIONAL SER	101.42411.0446
38095 11/26/13	PROFESSIONAL SERVICES	100.00		1111713		D M 07	PROFESSIONAL SER	101.42411.0446
	VENDOR TOTAL	150.00		*CHECK TOTAL				
CENTERPOINT ENERGY 38096 11/26/13	000467 NATURAL GAS CHARGES	13.46		6007936/11-13		D N	UTILITIES	230.43430.0332
38096 11/26/13	NATURAL GAS CHARGES	1,248.09		6007939/11-13		D N	UTILITIES	101.43425.0332
38096 11/26/13	NATURAL GAS CHARGES	27.56		6038773/11-13		D N	UTILITIES	101.43425.0332
38096 11/26/13	NATURAL GAS CHARGES	1,158.01		6061271/11-13		D N	UTILITIES	101.45433.0332
38096 11/26/13	NATURAL GAS CHARGES	25.45		6069198/11-13		D N	UTILITIES	101.43435.0332
38096 11/26/13	NATURAL GAS CHARGES	48.20		6072309/10-13		D N	UTILITIES	101.45437.0332
38096 11/26/13	NATURAL GAS CHARGES	468.87		6084836/11-13		D N	UTILITIES	101.45435.0332
38096 11/26/13	NATURAL GAS CHARGES	1,295.54		6085332/11-13		D N	UTILITIES	101.45433.0332
38096 11/26/13	NATURAL GAS CHARGES	470.23		6102726/11-13		D N	UTILITIES	101.42412.0332
38096 11/26/13	NATURAL GAS CHARGES	463.12		6725927/11-13		D N	UTILITIES	230.43430.0332
38096 11/26/13	NATURAL GAS CHARGES	13.46		7177865/11-13		D N	UTILITIES	230.43430.0332
38096 11/26/13	NATURAL GAS CHARGES	307.05		8503501/11-13		D N	UTILITIES	230.43430.0332
38096 11/26/13	NATURAL GAS CHARGES	554.50		8512023/11-13		D N	UTILITIES	651.48485.0332
	VENDOR TOTAL	6,093.54		*CHECK TOTAL				
CHAPPELL CENTRAL, INC 38097 11/26/13	000156 HEATING EQUIP MICE-PARTS	18.38		00056234		D N	MTCE. OF STRUCTU	101.41408.0225
38097 11/26/13	HEATING EQUIP MICE-LABOR	304.60		00056234		D N	MTCE. OF STRUCTU	101.41408.0335
38097 11/26/13	UPGRADED CNTLS/SOFTWARE	553.97		00056287		D N	MTCE. OF STRUCTU	101.41408.0335
38097 11/26/13	FURNACE REPAIR-LABOR	101.54		00056332		D N	MTCE. OF STRUCTU	101.43425.0335
38097 11/26/13	CK HTRS FOR STAGE AREA	104.74		00056454		D N	MTCE. OF STRUCTU	101.45427.0335
38097 11/26/13	CK FRONT ENTRY WAY HTR	314.22		00056460		D N	MTCE. OF STRUCTU	101.41408.0225
38097 11/26/13	CK FRONT ENTRY WAY HTR	350.17		00056460		D N	MTCE. OF STRUCTU	101.41408.0335
38097 11/26/13	FURNACE FILTERS	54.38		00133216		D N	GENERAL SUPPLIES	101.42412.0229
	VENDOR TOTAL	1,802.00		*CHECK TOTAL				
CHARTER COMMUNICATIONS 38098 11/26/13	000736 MONTHLY PHONE SERVICE	156.62		2191/11-13		D N	COMMUNICATIONS	101.41409.0330
38098 11/26/13	MONTHLY PHONE SERVICE	172.78		3552/11-13		D N	COMMUNICATIONS	208.45005.0330
	VENDOR TOTAL	329.40		*CHECK TOTAL				

VENDOR NAME AND NUMBER CHECK# DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
CITY OF WILLMAR-GENERAL 38099 11/26/13	HOUSE BURN PERMIT 000292	105.00		2013-21965		D N	LICENSES AND TAX	101.42412.0445
CITY OF WILLMAR-ICE AREN 38100 11/26/13	AD SIGN - 2 YR CONTRACT 000163	250.00		112513		D N	PREPAID EXPENSES	208.128000
CMI INC 38101 11/26/13	DMT CANNISTER 002966	84.43		793759		D N	GENERAL SUPPLIES	101.42411.0229
COALITION OF GREATER MN 38102 11/26/13	STEVENS-CONFERENCE REG. 000168	220.00		111813		D N	TRAVEL-CONF.-SCH	101.41400.0333
	38102 11/26/13	155.00		111813		D N	TRAVEL-CONF.-SCH	101.41401.0333
	VENDOR TOTAL	375.00	*CHECK TOTAL					
CODE 4 SERVICES LLC 38103 11/26/13	PRINTER MOUNT BRACKETS 002984	171.81		1190		D N	MTCE. OF EQUIPME	101.42411.0224
	38103 11/26/13	750.00		1203		D N	MACHINERY AND AU	450.42411.0553
	38103 11/26/13	374.00		1204		D N	MTCE. OF EQUIPME	101.42411.0334
	VENDOR TOTAL	1,295.81	*CHECK TOTAL					
COPIER BUSINESS SOLUTION 38104 11/26/13	COPIER MTCE CHARGE 001934	90.82		229607		D N	MTCE. OF EQUIPME	101.42412.0334
	38104 11/26/13	8.39		229717		D N	POSTAGE	101.42412.0223
	VENDOR TOTAL	99.21	*CHECK TOTAL					
CROW CHEMICAL & LIGHTING 38105 11/26/13	ICE MELT 000186	250.09		402075		D N	GENERAL SUPPLIES	651.48484.0229
CUNNINGHAM/CAROL 38106 11/26/13	POST-IT EASLE PADS 002191	60.90		112213		D N	OFFICE SUPPLIES	101.41401.0220
	38106 11/26/13	15.59		112213		D N	TRAVEL-CONF.-SCH	101.41401.0333
	VENDOR TOTAL	76.49	*CHECK TOTAL					
DAN'S SHOP INC 38107 11/26/13	FILTERS 002212	183.13CR		62267		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	50.79		62406		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	38.87		62439		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	45.89		62476		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	50.79CR		62567		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	171.94		62587		D N	INVENTORIES-MDSE	101.125000
	38107 11/26/13	12.34		62589		D N	INVENTORIES-MDSE	101.125000
	VENDOR TOTAL	85.91	*CHECK TOTAL					

VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
DEPT OF HUMAN SERVICES 38108 11/26/13 CLEANING SERVICES 000009	1,702.00	00000175805		D N	CLEANING AND WAS	101.45433.0338
DOOLEY'S PETROLEUM INC 38109 11/26/13 150 GALLONS UNLEADED 000212	529.50	320032		D N	MOTOR FUELS AND	651.48484.0222
38109 11/26/13 175 GALLONS DIESEL	681.15	320032		D N	MOTOR FUELS AND	651.48484.0222
38109 11/26/13 OIL	333.57	8734		D N	MOTOR FUELS AND	101.42412.0222
VENDOR TOTAL	1,544.22	*CHECK TOTAL				
DUININCK INC 38110 11/26/13 WILLMAR AVE IMPROVEM 000222	183,981.51	1302A/EST. 1		D N	MTC. OF OTHER I	413.48453.0336
38110 11/26/13 TRAIL IMPROVEMENTS	237,574.39	1304/EST. 1		D N	MTC. OF OTHER I	413.48454.0336
38110 11/26/13 CLASS 5 GRAVEL	861.85	515628		D N	MTC. OF OTHER I	101.43425.0226
VENDOR TOTAL	422,417.75	*CHECK TOTAL				
DUININCK/EMILY 38111 11/26/13 APPRAISER 2 COURSE 003041	380.00	112513		D N	PREPAID EXPENSES	101.128000
DYNA SYSTEMS 38112 11/26/13 SILICONE/HOSE CLAMPS 000223	204.38	20730751		D N	INVENTORIES-MDSE	101.125000
EMERGENCY RESPONSE SOLUT 38113 11/26/13 FIRE HOSE 003048	1,880.01	1037		D N	SMALL TOOLS	101.42412.0221
38113 11/26/13 MASK BAGS	46.17	1103		D N	SUBSISTENCE OF P	101.42412.0227
VENDOR TOTAL	1,926.18	*CHECK TOTAL				
ERIC'S AVIATION SERVICES 38114 11/26/13 ON SITE MGMT SERV-DEC 002998	6,333.33	STMT/12-13		D N	PROFESSIONAL SER	230.43430.0446
ERICKSON/PATSY 38115 11/26/13 2014 MAAO MBRSHP DUES 000952	80.00	112113		D N	PREPAID EXPENSES	101.128000
FASTENAL COMPANY 38116 11/26/13 PLANT SUPPLIES 001188	170.47	MNWILL109367		D N	GENERAL SUPPLIES	651.48484.0229
38116 11/26/13 BLDG MTC-MATERIALS	54.91	MNWILL109557		D N	MTC. OF STRUCTU	651.48484.0225
38116 11/26/13 LABELS FOR SFTY LADDERS	9.61	MNWILL109593		D N	OFFICE SUPPLIES	651.48484.0220
VENDOR TOTAL	234.99	*CHECK TOTAL				
FIBERLINK COMMUNICATIONS 38117 11/26/13 PROFESSIONAL SERVICES .02084	825.00	13115-0001390		D N	PREPAID EXPENSES	101.128000
38117 11/26/13 PROFESSIONAL SERVICES	75.00	13115-0001390		D N	PROFESSIONAL SER	101.41409.0446
VENDOR TOTAL	900.00	*CHECK TOTAL				

VENDOR NAME AND NUMBER CHECK# DATE	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
FIRE EQUIPMENT SPECIALTY 38118 11/26/13	002109 FF TURNOUT GEAR	6,111.00		8088		D N	SUBSISTENCE OF P	101.42412.0227
FISCHER/BETH 38119 11/26/13	002484 OFFICE SUPPLIES	59.83		112513		D M 07	OFFICE SUPPLIES	208.45005.0220
38119 11/26/13	CELL PHONE-DECEMBER	14.77		112513		D M 07	COMMUNICATIONS	208.45005.0330
38119 11/26/13	WINIFERFEST MEETING	9.00		112513		D M 07	TRAVEL-CONF.-SCH	208.45005.0333
38119 11/26/13	FISCHER-VISION 2040 MTG	11.00		112513		D M 07	TRAVEL-CONF.-SCH	208.45005.0333
38119 11/26/13	ROSENAU-VISION 2040 MTG	11.00		112513		D M 07	TRAVEL-CONF.-SCH	208.45005.0333
38119 11/26/13	MILEAGE 9/7-11/22/13	753.15		112513		D M 07	TRAVEL-CONF.-SCH	208.45005.0333
38119 11/26/13	CARD FOR DICK CLAYTON	3.19		112513		D M 07	OTHER SERVICES	208.45006.0333
	VENDOR TOTAL	861.94		*CHECK TOTAL				
		861.94						
FLEET ONE LLC 38120 11/26/13	003045 GAS-244.63 GALLONS	773.40		4553270002		D N	MOTOR FUELS AND	101.42411.0222
FREEMAN/LE ANNE 38121 11/26/13	000937 ROLLS-GARDEN PROGRAM	11.18		111213		D N	GENERAL SUPPLIES	101.45435.0229
G & K SERVICES 38122 11/26/13	002465 CLEANING SERVICES	56.62		1043551762		D N	CLEANING AND WAS	230.43430.0338
38122 11/26/13	CLEANING SERVICES	56.62		1043562213		D N	CLEANING AND WAS	230.43430.0338
	VENDOR TOTAL	113.24		*CHECK TOTAL				
		113.24						
GENERAL MAILING SERVICES 38123 11/26/13	000293 POSTAGE	58.21		103480		D N	POSTAGE	208.45006.0223
38123 11/26/13	POSTAGE	1.01		10360		D N	POSTAGE	208.45005.0223
38123 11/26/13	POSTAGE	1,493.40		10361		D N	POSTAGE	208.45006.0223
38123 11/26/13	POSTAGE	14.67		10424		D N	POSTAGE	101.41401.0223
38123 11/26/13	POSTAGE	39.20		10424		D N	POSTAGE	101.41402.0223
38123 11/26/13	POSTAGE	61.43		10424		D N	POSTAGE	101.41403.0223
38123 11/26/13	POSTAGE	7.84		10424		D N	POSTAGE	101.41404.0223
38123 11/26/13	POSTAGE	15.00		10424		D N	POSTAGE	101.41408.0223
38123 11/26/13	POSTAGE	1.12		10424		D N	POSTAGE	101.41409.0223
38123 11/26/13	POSTAGE	1.12		10424		D N	POSTAGE	101.42411.0223
38123 11/26/13	POSTAGE	0.56		10424		D N	POSTAGE	101.42412.0223
38123 11/26/13	POSTAGE	0.56		10424		D N	POSTAGE	101.43417.0223
38123 11/26/13	POSTAGE	5.18		10424		D N	POSTAGE	101.43425.0223
38123 11/26/13	POSTAGE	3.05		10424		D N	POSTAGE	101.45433.0223
38123 11/26/13	POSTAGE	0.56		10424		D N	POSTAGE	101.45435.0223
38123 11/26/13	POSTAGE	2.24		10424		D N	POSTAGE	230.43430.0223
38123 11/26/13	POSTAGE	2.34		10424		D N	POSTAGE	651.48484.0223
	VENDOR TOTAL	1,706.93		*CHECK TOTAL				
		1,706.93						
GRAINGER INC 38124 11/26/13	000786 BOILER E-STOP GUARD	14.54		9291122043		D N	MTCE. OF STRUCTU	651.48484.0225

VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
GRAND PRIX VENDING 38125 11/26/13 CONCESSION SUPPLIES 001803	86.60		110313		D N	GENERAL SUPPLIES	101.45433.0229
HACH COMPANY 38126 11/26/13 LAB SUPPLIES 000316	80.76		8562145		D N	GENERAL SUPPLIES	651.48484.0229
HARMON AUTOGLASS 38127 11/26/13 WINDSHIELD REPAIR-PARTS 000323	197.72		202-102394		D N	MTCE. OF EQUIPME	101.42411.0224
38127 11/26/13 WINDSHIELD REPAIR-LABOR	100.00		202-102394		D N	MTCE. OF EQUIPME	101.42411.0334
VENDOR TOTAL	297.72	*CHECK TOTAL					
HAUG IMPLEMENT CO - JOHN 38128 11/26/13 PAINT FOR FUEL PUMPS 000324	10.14		145897		D N	MTCE. OF EQUIPME	101.43425.0224
38128 11/26/13 AIR CONVEYANCE SENSOR	30.96		147303		D N	MTCE. OF EQUIPME	651.48485.0224
38128 11/26/13 HONEY WAGON NUTS/BOLTS	118.58		147644		D N	MTCE. OF EQUIPME	651.48486.0224
38128 11/26/13 FUEL TREATMENT	13.39		147646		D N	GENERAL SUPPLIES	651.48486.0229
38128 11/26/13 HONEY WAGON NUTS/BOLTS	3.01CR		147735		D N	MTCE. OF EQUIPME	651.48486.0224
38128 11/26/13 HYD. FITTINGS	21.80		149193		D N	MTCE. OF EQUIPME	101.43425.0224
VENDOR TOTAL	191.86	*CHECK TOTAL					
HAWKINS INC 38129 11/26/13 FERRIC CHLORIDE 000325	4,894.61		3535756 RI		D N	GENERAL SUPPLIES	651.48484.0229
HEGLUND CATERING 38130 11/26/13 LEISURE COMMITTEE LNCHESES 002036	115.10		7051		D N	TRAVEL-CONF.-SCH	208.45005.0333
HENDRICKSON *PETTY CASH/ 38131 11/26/13 TO REIMBURSE PETTY CASH 002975	9.20		111513		D N	POSTAGE	101.42412.0223
38131 11/26/13 TO REIMBURSE PETTY CASH	45.84		111513		D N	TRAVEL-CONF.-SCH	101.42412.0333
VENDOR TOTAL	55.04	*CHECK TOTAL					
HYDRITE CHEMICAL CO 38132 11/26/13 MAGNESIUM HYDROXIDE 002837	9,083.10		01649466		D N	GENERAL SUPPLIES	651.48484.0229
38132 11/26/13 MAGNESIUM HYDROXIDE	9,009.00		01652356		D N	GENERAL SUPPLIES	651.48484.0229
VENDOR TOTAL	18,092.10	*CHECK TOTAL					
IAFC MEMBERSHIP RENEWAL 38133 11/26/13 MEMBERSHIP DUES 001337	209.00		112513		D N	PREPAID EXPENSES	101.128000
J & N TACTICAL 38134 11/26/13 SWAT TEAM TOOL COVERS .02015	42.01		1300169		D N	GENERAL SUPPLIES	101.42411.0229
J.P. COOKE CO/THE 38135 11/26/13 2014 DOG & CAT LICENSES 001239	157.49		259226		D N	PREPAID EXPENSES	101.128000

VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
JAGUSH/JEFFREY 38136 11/26/13 MILEAGE 11/12-11/21/13 38136 11/26/13 MILEAGE 11/12-11/21/13 VENDOR TOTAL	22.60 45.20 45.20		112513 112513 *CHECK TOTAL		D N D N	TRAVEL-CONF.-SCH TRAVEL-CONF.-SCH	101.43425.0333 101.45435.0333
K M FIRE PUMP SPECIALIST 38137 11/26/13 #022446 REPAIR-PARTS 38137 11/26/13 #022446 REPAIR-LABOR VENDOR TOTAL	331.95 562.50 894.45 894.45		5976 5976 *CHECK TOTAL		D M 07 D M 07	MTCE. OF EQUIPME MTCE. OF EQUIPME	101.42412.0224 101.42412.0334
KANDIYOHI CO PUBLIC WORK 38138 11/26/13 2045.99 GALLONS DIESEL 38138 11/26/13 1999.99 GALLONS UNLEAD VENDOR TOTAL	7,541.53 6,082.04 13,623.57 13,623.57		112713 112713 *CHECK TOTAL		D N D N	INVENTORIES-MDSE INVENTORIES-MDSE	101.125000 101.125000
KANDIYOHI CO-OP ELECTRIC 38139 11/26/13 WELCOME TO WILLMAR SIGN 38139 11/26/13 WELCOME TO WILLMAR SIGN 38139 11/26/13 CO RD 23/HWY 71 BYPASS 38139 11/26/13 ELEC SERV-LIFT STATIONS 38139 11/26/13 ABBROTT DR LIFT STATION 38139 11/26/13 ELEC SERV-SECURITY LIGHT VENDOR TOTAL	123.00 45.08 128.00 731.00 68.00 36.00 1,131.08 1,131.08		STMT/11-13 STMT/11-13 STMT/11-13 STMT/11-13 STMT/11-13 STMT/11-13 *CHECK TOTAL		D N D N D N D N D N D N	UTILITIES UTILITIES UTILITIES UTILITIES UTILITIES UTILITIES	101.43425.0332 101.43425.0332 101.43425.0332 651.48485.0332 651.48485.0332 651.48486.0332
KDJS AM-EM 38140 11/26/13 ADVERTISING 38140 11/26/13 ADVERTISING 38140 11/26/13 ADVERTISING VENDOR TOTAL	87.50 140.00 455.00 682.50 682.50		7269-1 7269-2 7269-3 *CHECK TOTAL		D N D N D N	ADVERTISING ADVERTISING ADVERTISING	101.45433.0447 101.45433.0447 101.45433.0447
KHEPRS INC 38141 11/26/13 SOFT BODY ARMOR VEST 001905	846.99		212076		D N	SUBSISTENCE OF P	101.42411.0227
KRISS PREMIUM PRODUCTS I 38142 11/26/13 COOLING TOWER TREATMEN 002122	1,064.82		130958		D N	GENERAL SUPPLIES	101.45433.0229
KUECHLE UNDERGROUND INC 38143 11/26/13 4TH AVE SW IMPROVEMEN 002657	85,951.27		1302B/EST. 2		D N	MTCE. OF OTHER I	413.48452.0336
KWLM - AM 38144 11/26/13 ADVERTISING 000398	114.90		58208		D N	ADVERTISING	101.45433.0447
LIFELOC TECHNOLOGIES INC 38145 11/26/13 INTOXILYZER MOUTH PIECES 000978	85.50		0171637		D N	GENERAL SUPPLIES	101.42411.0229

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
M-R SIGN CO INC 38146 11/26/13 SIGN REFLECTIVITY PRGR 8,424.39	8,424.39	179414		D N	OTHER IMPROVEMEN	450.43425.0554
MADDEN, GALANTER, HANSEN 38147 11/26/13 PROFESSIONAL SERVICES 1,847.36	1,847.36	110113		D N	LABOR NEGOTIATOR	101.41428.0806
MENARDS 38148 11/26/13 BLDG MTCE-PARTS 33.67	33.67	36795		D N	MTCE. OF STRUCTU	651.48484.0225
38148 11/26/13 BLDG MTCE-PARTS 2.80CR	2.80	36796		D N	MTCE. OF STRUCTU	651.48484.0225
38148 11/26/13 RAT BAIT/POISON 20.30	20.30	37081		D N	GENERAL SUPPLIES	651.48484.0229
VENDOR TOTAL 51.17	51.17	*CHECK TOTAL				
METRO SALES, INC 38149 11/26/13 COPIER MTCE CHARGE-NOV 235.59	235.59	564888		D N	MTCE. OF EQUIPME	741.48001.0334
MIDWESTERN ELECTRICAL SE 38150 11/26/13 GAUER-SEMINAR REGIS. 295.00	295.00	111513		D N	PREPAID EXPENSES	651.128000
MIKE'S SMALL ENGINE CENT 002699						
38151 11/26/13 BLOWER REPAIR-PARTS 6.36	6.36	4403247		D N	MTCE. OF EQUIPME	101.42412.0224
38151 11/26/13 BLOWER REPAIR-LABOR 15.00	15.00	4403247		D N	MTCE. OF EQUIPME	101.42412.0334
38151 11/26/13 ENVIRONMENTAL FEE 1.07	1.07	4403247		D N	CLEANING AND WAS	101.42412.0338
VENDOR TOTAL 22.43	22.43	*CHECK TOTAL				
MINNEAPOLIS FINANCE DEPA 000466						
38152 11/26/13 PROFESSIONAL SERVICES 201.60	201.60	400413004371		D N	PROFESSIONAL SER	101.42411.0446
MN DEPT OF AGRICULTURE 000487						
38153 11/26/13 2014 TREE CARE REGISTRY 25.00	25.00	112213		D N	PREPAID EXPENSES	101.128000
MN DEPT OF REVENUE 000492						
193 11/19/13 FUEL LICENSE RENEWAL 25.00	25.00	STMT/10-13		M N	PREPAID EXPENSES	101.128000
193 11/19/13 SALES TAX-OCTOBER 369.00	369.00	STMT/10-13		M N	SALES TAX PAYABL	101.206000
193 11/19/13 USE TAX-OCTOBER 87.53	87.53	STMT/10-13		M N	SALES TAX PAYABL	101.206000
193 11/19/13 USE TAX-OCTOBER 0.72	0.72	STMT/10-13		M N	GENERAL SUPPLIES	101.41409.0229
193 11/19/13 USE TAX-OCTOBER 7.41	7.41	STMT/10-13		M N	OFFICE SUPPLIES	101.42411.0220
193 11/19/13 USE TAX-OCTOBER 4.41	4.41	STMT/10-13		M N	MTCE. OF EQUIPME	101.42411.0224
193 11/19/13 USE TAX-OCTOBER 26.73	26.73	STMT/10-13		M N	GENERAL SUPPLIES	101.42411.0229
193 11/19/13 USE TAX-OCTOBER 21.52	21.52	STMT/10-13		M N	OFFICE SUPPLIES	101.42412.0220
193 11/19/13 DIESEL FUEL TAX-OCT 169.12	169.12	STMT/10-13		M N	MOTOR FUELS AND	101.43425.0222
193 11/19/13 USE TAX-OCTOBER 95.83	95.83	STMT/10-13		M N	MOTOR FUELS AND	101.43425.0222
193 11/19/13 USE TAX-OCTOBER 7.37	7.37	STMT/10-13		M N	OFFICE SUPPLIES	101.45432.0222
193 11/19/13 USE TAX-OCTOBER 1.64	1.64	STMT/10-13		M N	MOTOR FUELS AND	230.43430.0222
193 11/19/13 USE TAX-OCTOBER 60.40	60.40	STMT/10-13		M N	GENERAL SUPPLIES	651.48484.0229
193 11/19/13 USE TAX-OCTOBER 620.44	620.44	STMT/10-13		M N	GENERAL SUPPLIES	651.48484.0229
193 11/19/13 DIESEL FUEL TAX-OCT 40.61	40.61	STMT/10-13		M N	MOTOR FUELS AND	651.48485.0222



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
OFFICE SERVICES 38159 11/26/13 PHOTO COPIES-OCTOBER 000589	6.58		STMT/10-13		D N		OFFICE SUPPLIES	101.41404.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	1.28		STMT/10-13		D N		OFFICE SUPPLIES	101.41404.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	150.62		STMT/10-13		D N		OFFICE SUPPLIES	101.41404.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	65.63		STMT/10-13		D N		OFFICE SUPPLIES	101.41404.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	2.26		STMT/10-13		D N		OFFICE SUPPLIES	101.41405.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	16.35		STMT/10-13		D N		OFFICE SUPPLIES	101.41405.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	8.93		STMT/10-13		D N		OFFICE SUPPLIES	101.41405.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	0.60		STMT/10-13		D N		OFFICE SUPPLIES	101.41405.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	13.29		STMT/10-13		D N		OFFICE SUPPLIES	101.41409.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	0.60		STMT/10-13		D N		OFFICE SUPPLIES	101.41409.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	16.73		STMT/10-13		D N		OFFICE SUPPLIES	101.41409.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	3.83		STMT/10-13		D N		OFFICE SUPPLIES	101.41409.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	62.70		STMT/10-13		D N		OFFICE SUPPLIES	101.42412.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	19.35		STMT/10-13		D N		OFFICE SUPPLIES	101.43417.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	36.14		STMT/10-13		D N		OFFICE SUPPLIES	101.43417.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	34.95		STMT/10-13		D N		OFFICE SUPPLIES	101.43417.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	74.93		STMT/10-13		D N		OFFICE SUPPLIES	101.43425.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	2.92		STMT/10-13		D N		OFFICE SUPPLIES	101.43425.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	117.75		STMT/10-13		D N		OFFICE SUPPLIES	101.43425.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	8.60		STMT/10-13		D N		OFFICE SUPPLIES	101.45432.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	5.33		STMT/10-13		D N		OFFICE SUPPLIES	101.45432.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	6.21		STMT/10-13		D N		OFFICE SUPPLIES	101.45432.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	2.63		STMT/10-13		D N		OFFICE SUPPLIES	101.45432.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	22.05		STMT/10-13		D N		OFFICE SUPPLIES	651.48484.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	0.23		STMT/10-13		D N		OFFICE SUPPLIES	651.48484.0220
38159 11/26/13 PHOTO COPIES-OCTOBER	0.90		STMT/10-13		D N		OFFICE SUPPLIES	651.48484.0220
	1,786.77		*CHECK TOTAL					
	1,786.77							
PETERSON SHOE STORE 38160 11/26/13 HATZINGER-SAFETY BOOTS 000608	125.00		152269		D N		SUBSISTENCE OF P	651.48484.0227
38160 11/26/13 RUTER-SAFETY BOOTS	125.00		152531		D N		SUBSISTENCE OF P	651.48484.0227
	250.00		*CHECK TOTAL					
	250.00							
PING HD 38161 11/26/13 SOFTWARE LICENSE 002919	125.00		1875		D N		PREPAID EXPENSES	101.128000
38161 11/26/13 SOFTWARE LICENSE	25.00		1875		D N		LICENSES AND TAX	101.45433.0445
	150.00		*CHECK TOTAL					
	150.00							
PRAIRIE WOODS ENV LEARNI 38162 11/26/13 2013 PLANNING RETREAT 002029	150.00		112513		D N		TRAVEL-CONF.-SCH	101.41401.0333
PREMIUM WATERS INC 38163 11/26/13 DRINKING WATER 000374	44.00		329949/10-13		D N		SUBSISTENCE OF P	101.42412.0227



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
SRF CONSULTING GROUP INC 003049						
38172 11/26/13 PROFESSIONAL SERVICES	2,127.50	08252.00-2		D N	PROFESSIONAL SER	101.41401.0446
38172 11/26/13 PROFESSIONAL SERVICES	1,000.00	08252.00-2		D N	PROFESSIONAL SER	101.41402.0446
VENDOR TOTAL	3,127.50	*CHECK TOTAL				
STAR TRIBUNE 000710						
38173 11/26/13 SUBSCRIPTION RENEWAL	67.16	7986818/11-13		D N	PREPAID EXPENSES	101.128000
38173 11/26/13 SUBSCRIPTION RENEWAL	33.59	7986818/11-13		D N	SUBSCRIPTIONS AN	101.41402.0443
VENDOR TOTAL	100.75	*CHECK TOTAL				
STATEWIDE DISTRIBUTING I 000718						
38174 11/26/13 CONCESSION SUPPLIES	30.45	097414		D N	GENERAL SUPPLIES	101.45433.0229
38174 11/26/13 TOILET TISSUE	68.40	097424		D N	GENERAL SUPPLIES	651.48484.0229
VENDOR TOTAL	98.85	*CHECK TOTAL				
STERLING WATER-MINNESOTA 000188						
38175 11/26/13 SOFTENER SALT	62.20	112508-9/10-13		D N	GENERAL SUPPLIES	101.45435.0229
38175 11/26/13 SOFTENER RENTAL	33.93	112508-9/10-13		D N	RENTS	101.45435.0440
VENDOR TOTAL	96.13	*CHECK TOTAL				
STREED/NATHAN .02087						
38176 11/26/13 REFUND BASEBALL JERSEY	30.00	112513		D N	REFUNDS AND REIM	101.41428.0882
SW - WEST CNTRL SERVICES 000892						
38077 11/15/13 HEALTH INSURANCE-DEC	4,061.00	C270		D N	EMPLOYER INSUR.	101.41400.0114
38077 11/15/13 HEALTH INSURANCE-DEC	5,203.50	C270		D N	EMPLOYER INSUR.	101.41402.0114
38077 11/15/13 HEALTH INSURANCE-DEC	3,244.29	C270		D N	EMPLOYER INSUR.	101.41403.0114
38077 11/15/13 HEALTH INSURANCE-DEC	4,007.50	C270		D N	EMPLOYER INSUR.	101.41404.0114
38077 11/15/13 HEALTH INSURANCE-DEC	5,423.00	C270		D N	EMPLOYER INSUR.	101.41405.0114
38077 11/15/13 HEALTH INSURANCE-DEC	1,428.00	C270		D N	EMPLOYER INSUR.	101.41408.0114
38077 11/15/13 HEALTH INSURANCE-DEC	5,501.50	C270		D N	EMPLOYER INSUR.	101.41409.0114
38077 11/15/13 HEALTH INSURANCE-DEC	214.21	C270		D N	EMPLOYER INSUR.	101.41424.0114
38077 11/15/13 HEALTH INSURANCE-DEC	9,425.00	C270		D N	RETIRED EMPLOYEE	101.41428.0818
38077 11/15/13 HEALTH INSURANCE-DEC	30,472.60	C270		D N	INS. PASS THROUGH	101.41428.0819
38077 11/15/13 HEALTH INSURANCE-DEC	45,536.50	C270		D N	EMPLOYER INSUR.	101.42411.0114
38077 11/15/13 HEALTH INSURANCE-DEC	4,723.90	C270		D N	EMPLOYER INSUR.	101.42412.0114
38077 11/15/13 HEALTH INSURANCE-DEC	6,988.00	C270		D N	EMPLOYER INSUR.	101.43417.0114
38077 11/15/13 HEALTH INSURANCE-DEC	21,340.30	C270		D N	EMPLOYER INSUR.	101.43425.0114
38077 11/15/13 HEALTH INSURANCE-DEC	766.60	C270		D N	EMPLOYER INSUR.	101.45432.0114
38077 11/15/13 HEALTH INSURANCE-DEC	5,501.50	C270		D N	EMPLOYER INSUR.	101.45433.0114
38077 11/15/13 HEALTH INSURANCE-DEC	784.20	C270		D N	EMPLOYER INSUR.	101.45435.0114
38077 11/15/13 HEALTH INSURANCE-DEC	865.60	C270		D N	EMPLOYER INSUR.	101.45437.0114
38077 11/15/13 HEALTH INSURANCE-DEC	12,685.30	C270		D N	EMPLOYER INSUR.	651.48484.0114
38077 11/15/13 HEALTH INSURANCE-DEC	1,428.00	C270		D N	EMPLOYER INSUR.	651.48485.0114

Vendor Payments History Report  
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VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM INVOICE	PO#	F S 9 EX M ACCOUNT NAME	ACCOUNT
SW - WEST CNTRL SERVICES 000892 38077 11/15/13 HEALTH INSURANCE-DEC	1,428.00	C270		D N EMPLOYER INSUR.	651.48486.0114
VENDOR TOTAL	171,128.50	*CHECK TOTAL			
SYN-TECH SYSTEMS 003050 38177 11/26/13 AIRPORT FUEL PUMP REPAIR	935.00	88459		D N INSURANCE DEDUCT	101.41428.0822
38177 11/26/13 AIRPORT FUEL PUMP REPA	1,619.72	88860		D N INSURANCE DEDUCT	101.41428.0822
VENDOR TOTAL	2,554.72	*CHECK TOTAL			
TDS METROCOM 000758 38178 11/26/13 MONTHLY SERVICE	231.92	247		D N COMMUNICATIONS	101.42412.0330
38178 11/26/13 MONTHLY SERVICE	49.16	247		D N COMMUNICATIONS	101.43425.0330
VENDOR TOTAL	281.08	*CHECK TOTAL			
TORKELSON'S LOCK SERVICE 002583 38179 11/26/13 REKEYED LOCKS-PARTS	235.10	151134		D N MTCE. OF STRUCTU	101.45433.0225
38179 11/26/13 REKEYED LOCKS-LABOR	52.00	151134		D N MTCE. OF STRUCTU	101.45433.0335
38179 11/26/13 KEYS FOR BLDG	17.10	1511371		D N MTCE. OF STRUCTU	101.45433.0225
VENDOR TOTAL	304.20	*CHECK TOTAL			
TOTAL RESOURCE AUCTIONS .02085 38180 11/26/13 OVERCHARGE ON TOWING FEE	10.00	112013		D N REFUNDS AND REIM	101.41428.0882
UNDERTHUN/DUWAYNE 001262 38181 11/26/13 STUMP GRINDING	4,750.59	112213		D M 07 MTCE. OF OTHER I	101.43425.0336
UNIQUE EMBROIDERY 002540 38182 11/26/13 EMBROIDERED JACKETS	1,135.95	6679		D N SUBSISTENCE OF P	101.43425.0227
38182 11/26/13 EMBROIDERED JACKET	55.00	6680		D N SUBSISTENCE OF P	101.41402.0227
38182 11/26/13 EMBROIDERED JACKET	55.00	6681		D N SUBSISTENCE OF P	101.41402.0227
38182 11/26/13 EMBROIDERED JACKETS	90.95	6682		D N SUBSISTENCE OF P	101.43417.0227
VENDOR TOTAL	1,336.90	*CHECK TOTAL			
VERIZON WIRELESS 002915 38183 11/26/13 CELLULAR PHONE USAGE	24.16	STMT/10-13		D N COMMUNICATIONS	101.45432.0330
VIKING COCA-COLA BOTTLIN 000777 38184 11/26/13 CONCESSION SUPPLIES	214.25	1205432		D N GENERAL SUPPLIES	101.45433.0229
VISTAR CORPORATION 002566 38185 11/26/13 CONCESSION SUPPLIES	454.07	38048688		D N GENERAL SUPPLIES	101.45433.0229
38185 11/26/13 CONCESSION SUPPLIES	166.38	38066220		D N GENERAL SUPPLIES	101.45433.0229
38185 11/26/13 CONCESSION SUPPLIES	166.38	38066220		D N GENERAL SUPPLIES	101.45433.0229

VENDOR NAME AND NUMBER CHECK# DATE DESCRIPTION	AMOUNT	CLAIM INVOICE	PO#	F S 9 BX M	ACCOUNT NAME	ACCOUNT
VISTAR CORPORATION 38185 11/26/13 CONCESSION SUPPLIES	386.12	38148654		D N	GENERAL SUPPLIES	101.45433.0229
VENDOR TOTAL	1,172.95	*CHECK TOTAL				
WAL-MART COMMUNITY 38186 11/26/13 SUPPLIES	13.30	101613		D N	GENERAL SUPPLIES	101.42412.0229
38186 11/26/13 COFFEE/FILTERS	32.59	101813		D N	GENERAL SUPPLIES	101.42411.0229
38186 11/26/13 BATTERIES	91.72	102213		D N	GENERAL SUPPLIES	651.48484.0229
38186 11/26/13 CAMERA	116.37	110113		D N	SMALL TOOLS	651.48484.0221
VENDOR TOTAL	253.98	*CHECK TOTAL				
WEST CENTRAL SANITATION 38187 11/26/13 GARBAGE SERVICE-NOVEMBER	27.45	6806100/11-13		D N	CLEANING AND WAS	230.43430.0338
WEST CENTRAL TRIBUNE 38188 11/26/13 NOTICE PUBLISHED	165.00	CL03057695		D N	ADVERTISING	413.48451.0447
38188 11/26/13 NOTICE PUBLISHED	99.00	CL03058160		D N	PRINTING AND PUB	101.41402.0331
38188 11/26/13 NOTICE PUBLISHED	27.00	CL03058302		D N	PRINTING AND PUB	101.41401.0331
38188 11/26/13 NOTICE PUBLISHED	24.00	CL03058349		D N	PRINTING AND PUB	101.41401.0331
VENDOR TOTAL	315.00	*CHECK TOTAL				
WESTBERG, BISCHENS PLLP 38189 11/26/13 AUDIT AT 12/31/12	22,000.00	19259		D N	PROFESSIONAL SER	101.41405.0446
WILLMAR CHAMBER OF COMME 38190 11/26/13 MAIL PICKUP FEE-OCTOBER	50.00	39147		D N	POSTAGE	208.45005.0223
WILLMAR ELECTRIC SERVICE 38191 11/26/13 ALARM MONITORING FEE	200.92	23734		D N	PREPAID EXPENSES	230.128000
38191 11/26/13 ALARM MONITORING FEE	100.47	23734		D N	MTCE. OF STRUCTU	230.43430.0335
VENDOR TOTAL	301.39	*CHECK TOTAL				
WILLMAR OVERHEAD DOOR SA 38192 11/26/13 OVERHEAD DR REPAIR-PARTS	61.72	0047366		D N	MTCE. OF STRUCTU	101.43425.0225
WINDSTREAM 38193 11/26/13 MONTHLY SERVICE-OCTOBER	8.32CR	STMT/10-13		D N	COMMUNICATIONS	101.41408.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	40.29	STMT/10-13		D N	COMMUNICATIONS	101.42411.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	43.28	STMT/10-13		D N	COMMUNICATIONS	101.43425.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	303.02	STMT/10-13		D N	COMMUNICATIONS	101.45433.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	133.30	STMT/10-13		D N	COMMUNICATIONS	101.45435.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	33.05	STMT/10-13		D N	COMMUNICATIONS	101.45437.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	245.64	STMT/10-13		D N	COMMUNICATIONS	230.43430.0330
38193 11/26/13 MONTHLY SERVICE-OCTOBER	14.11	STMT/10-13		D N	COMMUNICATIONS	651.48484.0330
VENDOR TOTAL	804.37	*CHECK TOTAL				

ACS FINANCIAL SYSTEM  
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CITY OF WILLMAR

Vendor Payments History Report  
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CHECK#	DATE	VENDOR NAME AND NUMBER	DESCRIPTION	AMOUNT	CLAIM	INVOICE	PO#	F S 9	BX M	ACCOUNT NAME	ACCOUNT
38194	11/26/13	106.5 THE TRAIN	WOLFE COMMUNICATIONS 003051 15 PAGERS	6,338.83		6556		D	N	SMALL TOOLS	101.42412.0221
38195	11/26/13	106.5 THE TRAIN	ADVERTISING 002449	88.50		8943		D	N	ADVERTISING	101.45433.0447

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CITY OF WILLMAR

Vendor Payments History Report  
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VENDOR NAME AND NUMBER  
CHECK# DATE DESCRIPTION  
REPORT TOTALS:

AMOUNT CLAIM INVOICE PO# F S 9 BX M ACCOUNT NAME ACCOUNT

854,582.43

RECORDS PRINTED - 000377

ACS FINANCIAL SYSTEM  
11/26/2013 14:27:08

Vendor Payments History Report

CITY OF WILLMAR  
GL060S-V07.23 RECAPPAGE  
GL540R

FUND	DESCRIPTION	DISBURSEMENTS
101	GENERAL FUND	259,945.39
208	CONVENTION & VISITORS BUREAU	4,002.44
230	WILLMAR MUNICIPAL AIRPORT	7,514.97
295	COMMUNITY INVESTMENT	400.00
307	D.S. - 2007A BOND	200.00
308	D.S. - 2008 BOND	200.00
310	D.S. - 2010 BOND	200.00
311	D.S. - 2011 BOND	200.00
312	D.S. - 2012 BOND	200.00
313	D.S. - 2013 BOND	200.00
327	D.S. - 2007B BOND	200.00
350	RICE HOSPITAL DEBT SERVICE	512,791.78
413	S.A.B.F. - #2013	12,577.54
432	C.P. - WASTE TREATMENT	9,174.39
450	CAPITAL IMPROVEMENT FUND	45,664.88
651	WASTE TREATMENT	
741	OFFICE SERVICES	
	TOTAL ALL FUNDS	854,582.43

BANK	NAME	DISBURSEMENTS
HERT	HERITAGE BANK	854,582.43
	TOTAL ALL BANKS	854,582.43

**LG220 Application for Exempt Permit**

An exempt permit may be issued to a nonprofit organization that: - conducts lawful gambling on five or fewer days, and - awards less than \$50,000 in prizes during a calendar year. If total prize value for the year will be \$1,500 or less, contact the licensing specialist assigned to your county.	<b>Application fee (non refundable)</b> If application is postmarked or received 30 days or more before the event <b>\$50</b> ; otherwise <b>\$100</b> .
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**ORGANIZATION INFORMATION**

Organization name <i>Safe avenues</i>	Previous gambling permit number <i>X-92763-13-002</i>
Minnesota tax ID number, if any <i>41-9270</i>	Federal employer ID number (FEIN), if any <i>41-1931304</i>

**Type of nonprofit organization. Check one.**

Fraternal   
  Religious   
  Veterans   
  Other nonprofit organization

Mailing address <i>PO Box 568</i>	City <i>Willmar</i>	State <i>MN</i>	Zip code <i>56201</i>	County <i>Kandiyohi</i>
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Name of chief executive officer [CEO] <i>Carrie Buddy</i>	Daytime phone number <i>320-235-0475</i>	E-mail address <i>Carrieb@willmarshelter.com</i>
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**NONPROFIT STATUS**

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

**Nonprofit Articles of Incorporation OR a current Certificate of Good Standing.**  
 Don't have a copy? This certificate must be obtained each year from:  
 Secretary of State, Business Services Div., 60 Empire Drive, Suite 100, St. Paul, MN 55103  
 Phone: 651-296-2803

**IRS income tax exemption [501(c)] letter in your organization's name.**  
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS at 877-829-5500.

**IRS - Affiliate of national, statewide, or international parent nonprofit organization [charter]**  
 If your organization falls under a parent organization, attach copies of **both** of the following:  
 a. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling, and  
 b. the charter or letter from your parent organization recognizing your organization as a subordinate.

**GAMBLING PREMISES INFORMATION**

Name of premises where the gambling event will be conducted. For raffles, list the site where the drawing will take place.  
*Willmar Conference Center*

Address [do not use PO box] <i>2100 E. Highway 12</i>	City or township <i>Willmar</i>	Zip code <i>56201</i>	County <i>Kandiyohi</i>
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Date[s] of activity. For raffles, indicate the date of the drawing.  
*May 16, 2014*

Check each type of gambling activity that your organization will conduct.

Bingo\*   
  Raffle   
  Paddlewheels\*   
  Pull-tabs\*   
  Tipboards\*

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

To find a licensed distributor, go to [www.gcb.state.mn.us](http://www.gcb.state.mn.us) and click on **Distributors** under the **WHO'S WHO? LIST OF LICENSEES**, or call 651-639-4000.

**LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT**

**CITY APPROVAL  
for a gambling premises  
located within city limits**

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

Print city name City of Willmar

Signature of city personnel [Signature]

Title City Clerk Treasurer Date 11-21-13

**Local unit of government must sign**

**COUNTY APPROVAL  
for a gambling premises  
located in a township**

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

Print county name \_\_\_\_\_

Signature of county personnel \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

**TOWNSHIP. If required by the county.**

On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits.

[A township has no statutory authority to approve or deny an application, per Minnesota Statutes 349.166.]

Print township name \_\_\_\_\_

Signature of township officer \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

**CHIEF EXECUTIVE OFFICER'S SIGNATURE**

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

Chief executive officer's signature [Signature] Date 11/20/13

Print name Carrie Buddy

**REQUIREMENTS**

**Complete a separate application for:**

- all gambling conducted on two or more consecutive days, or
  - all gambling conducted on one day.
- Only one application is required if one or more raffle drawings are conducted on the same day

**Send application with:**

- a copy of your proof of nonprofit status, and
- application fee (non refundable). Make check payable to "State of Minnesota."

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

**Financial report and recordkeeping required**

A financial report form and instructions will be sent with your permit, or use the online fill-in form available at [www.gcb.state.mn.us](http://www.gcb.state.mn.us).

Within 30 days of the event date, complete and return the financial report form to the Gambling Control Board.

**Questions?**

Call the Licensing Section of the Gambling Control Board at 651-639-4000.

This form will be made available in alternative format (i.e. large print, Braille) upon request.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application. Your organization's name and address will be public information when received by the Board.

All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to: Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney

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

**COMMITTEE/COMMISSION/BOARD  
REAPPOINTMENTS**

**TERMS EXPIRING 12/31/2013**

**AIRPORT COMMISSION:**

1. Donald Cole

**MUNICIPAL UTILITIES COMMISSION:**

1. Steve Salzer
2. Jeffrey Nagel

**PLANNING COMMISSION:**

1. Gary Geiger
2. Randy Czarnetzki

**RICE HOSPITAL BOARD:**

1. Mike Gardner
2. David Anfinson

**ZONING APPEALS BOARD:**

1. Beverly Dougherty

**Willmar Lakes Area CVB Board Meeting  
EBO Room of the Chamber/CVB  
Tuesday, October 15, 2013 @ 12:00 Noon**

**Members Present:** Ron Erpelding, Jim Butterfield, Kevin Halliday, Sue Steinert, David Feist, Ken Warner, Denny Baker, Ron Fake, Roger Imdieke, Dave Pederson, Don Asche, Rick Schueller and Audrey Nelsen

**Members Excused:** Kevin Madsen

**Members Absent:** Asim Siddiqui and Janet Demuth

**Staff Present:** Beth Fischer and Tanya Rosenau

- I. **Call to Order:** Steinert called the meeting to order at 12:12pm.
  - a. **Additions or corrections to the agenda:** There were no additions or corrections to the agenda.
  - b. **Welcome to Rick Schueller:** It was MSC (m/Imdieke; s/Halliday) to recommend Schueller's appointment to the CVB Board of Directors.
  - c. **Self-Introductions:** Self-introductions were done.
  
- II. **Approve Minutes from the September 17, 2013 Meeting:** It was MSC (m/Warner; s/Halliday) to approve the minutes from the September 17, 2013 meeting.
  
- III. **Financial Report:** Halliday presented the financial report and reviewed the lodging tax revenues report. It was MSC (m/Butterfield, s/Pederson) to approve the financial report as it was presented.
  
- IV. **Committee Reports & Requests:**
  - a. **Sports Committee:** No new business to report.
  - b. **Special Events Committee:** Baker said the committee approved the second installment of funding in the amount of \$250.00 for the New London Fine Arts Festival. He also noted that Norby was informed that this was the last year we can fund them. Halliday asked if we received specifics or stats from Norby on the event. Baker said we received a letter stating what the advertising money was spent on and that the event went very well. Baker also shared that the committee is expecting a letter to help market the Spicer Winterfest and that we are waiting on a final report from Celebrate Art! Celebrate Coffee!
  - c. **Meetings & Conventions Committee:** Feist shared that they continue to review new leads on cold files. He also said they discussed how we've advertised in the past and where we plan to advertise in the future. The committee will firm up the ads at the next meeting.
  - d. **Visitor Guide Committee:** Steinert shared that they are finalizing event dates for 2014 now. If anyone knows of any new tourism related business, they should let Fischer know now as we are approaching the deadline. The cover has been approved and the articles are being written. Steinert said proofing will begin on October 21<sup>st</sup>.
  - e. **Leisure Travel Committee:** Butterfield shared that the group met at the War Memorial Room of the City Auditorium and Dale Johnson gave a presentation. He said the trade shows are getting firmed up and volunteers are signing up for them. Erpelding shared that the Senate Capital Investments Committee will be here Friday at 8:30am at Sibley State Park to review the proposed Glacial Lakes State Trail extension. The House Bonding Committee will be here on November 7<sup>th</sup> from 8:45am-10:30am at Ridgewater College. Imdieke said the legislature did approve expanding the State Park boundaries to County Road 40. Erpelding said that we don't have any community dollars to support the connection like the Hutchinson area has. It would help if we did have some

- private funding to help with the cost of the connection. The bill has been approved in the past; it just didn't have any funding.
- f. **Executive Committee:** Steinert noted that the CVB contract was reviewed at the City of Willmar Labor Relations Committee Meeting. She shared the Executive Committee reviewed progress on Fischer's goals to date and also discussed board members' terms ending in 2013. She noted that Siddiqui's term is up at the end of this year. At that time there will be two open lodging board positions and one open member at large position. The committee will be looking for new board members. The group also discussed the Operating Guidelines of the CVB. They wanted to see if the amount of people on the board is still sufficient / necessary and that all areas of Kandiyohi County tourism were still being represented. The Executive Committee wanted the Board's opinion on whether or not any changes need to be made to the policy. Steinert asked for recommendations from board members. Warner asked if we really need 17 people. Feist shared that it has been a great balance with all of the members. Consensus was that the structure is right and the amount of people is sufficient. Board Members were asked to contact Fischer with any recommendations on new Board Members. The Executive Committee will review suggestions and proceed forward as the Nominating Committee per CVB guidelines.

[Butterfield exited meeting]

- V. **Affiliated Partnership Updates/Reports:**
- a. **Community Marketing Coalition Update:** No new business to report.
- VI. **Executive Director Report:** Fischer handed out the report and went over some of the larger events that are coming up. Such as MN Best Competition Days October 18-19, the Nicholas David Red Carpet Event on October 26th, Zombie's Bite 5K on October 26th, and the SW MN Synod - Jr. High Youth Gathering November 22-24, as well as many ice events. Fischer also went over some of the ads she has submitted including the Let's Play Hockey ad, Midwest Living, MN Travel Guide, and she contracted a welcome sign at the Willmar Civic Center. She has also done press releases for Locomotive 261 and MN Best Robotics. Fischer shared that Willmar was awarded the 2016 Junior National Curling Championships, 2015 MN 4-H Adult Volunteers Convention, and the 2014 Habitat for Humanity Convention. A complete copy of the Executive Director's Report is available upon request from the CVB office.
- VII. **Other Business:**
- a. **Word Around the Community:**
    - i. **Feist:** Feist shared that November 21<sup>st</sup> is the planned date for opening Holiday Inn Express. It marks the halfway point for the entire renovation project.
    - ii. **Baker:** Baker shared that next month he will have Kandiyohi County Fair Board information.
    - iii. **Fake:** Fake shared eight acres of land has been purchased directly west of the Spicer Dairy Queen to develop into some sort of senior citizens format units.
    - iv. **Fischer:** Fischer shared that the Peach Lutheran Church Council will be discussing the Lebanon Church and whether it should be torn down tonight at 7pm.
    - v. **Steinert:** Steinert stated that new carpeting has been put in the hallways and lobby area of the Super 8 and that new curtains have also been put in. Also, business is doing well.
    - vi. **Pederson:** Pederson reminded everyone of the Zombie Run on October 26<sup>th</sup> and the Halloween Haunt on October 25<sup>th</sup>. They have had Sartell students there this week and many weddings and receptions in the last few months. The Youth Energy Summit will have their fall workshop there on October 30<sup>th</sup> and the YES program has been awarded the Environmental Education Award twice now. Also, on February 16<sup>th</sup>, Prairie Woods Environmental Learning Center will host the First Annual Sleigh & Ski Festival, which will coincide with their Annual Winter Fun Day.

- vii. **Erpelding:** Erpelding asked for people to come and support the Glacial Lakes Trail connection when the legislative committees are here.
- viii. **Halliday:** Halliday said the City of Willmar is one of the stakeholders in Vision 2040 and the plan will be unveiled on November 20<sup>th</sup> at 11:30am at the Conference Center and at 5pm at WEAC. The Gun Range in the lower level of the City Auditorium has lead dust and has been shut down. They are looking for ways to clean it and re-ventilate the lower level. There is still another company coming to test it before that happens. The first level and upper level can remain open for now.
- ix. **Imdieke:** Imdieke shared that this Thursday is Ladies Night Out in New London, Home for the Holidays is in November, and the Small Business Saturday is the Saturday after Thanksgiving. Also, Wally & Mel's opened October 11<sup>th</sup>, the Happy Sol moved this past Monday, and the Rugged Sun will be opening soon.
- x. **Schueller:** Schueller shared that the KEC will be hosting the Special Olympics Regional Bowling Tournament on November 2<sup>nd</sup>.
- xi. **Nelsen:** Nelsen thanked the Executive Committee and stated that the meeting went well. She said the City Council has another month to go for budget meetings. She also asked that everyone share their thoughts on the continued support and funding for the Community Marketing Coalition with City Council members. She also shared that the Willmar Civic Center has requests in for a RFP and that they are trying to get the report done earlier so they are ready if anything happens to the refrigeration system.

**b. Other:**

**VIII. Adjournment:** Steinert adjourned the meeting at 1:04pm.

Respectfully Submitted by,

Tanya Rosenau, Administrative Assistant

Willmar Lakes Area Convention & Visitors Bureau

**BOARD OF ZONING APPEALS  
CITY OF WILLMAR, MN  
MONDAY, NOVEMBER 18, 2013**

**MINUTES**

1. The Willmar Board of Zoning Appeals met on Monday, November 18, 2013 at 5:00 p.m. at the City Office Building.

\*\* Members Present: Ross Magnuson, Mark Suedbeck, Beverly Dougherty, and Joe Hartmann.

\*\* Members Absent: Larry Brown

\*\* Others Present: Douglas Fenstra, Patrick Sauerland, and Megan M. DeSchepper-Planner.

2. INSITE REAL ESTATE SETBACK AND PARKING VARIANCES- FILE NO. 13-02:

The public hearing opened at 5:15 p.m. Patrick Sauerland of Insite Real Estate presented a variance request to allow construction of a retail auto parts store and parking lot with the following variances: a 5' building setback off of the north property line, 10' setback off of the east property line, and 10' off the west property line as well as a 3' parking setback off of the east property line and 0' off the west and south property line, and 5 less parking spaces than required by Ordinance for the size of the building on property described as: Lot 1 & 2 excluding the easterly 6' and N ½ of Lot 3 excluding the easterly 6' thereof, Block 17, Hanson's Addition to Willmar (902 1<sup>st</sup> St. S.).

The Board talked about the parking lot reconfiguration that would affect the property owner to the south. Mr. Sauerland said they would approach the property owner to the south to offer to restripe their parking lot etc., but wanted action from the Board of Zoning Appeals first. The Board talked about the number of parking spaces on the property directly to the south a dental office, staff reminded the Board they are acting on the variance request, not the number of spaces at the existing office on a separate parcel.

Mr. Sauerland stated that there will be landscaping along the west side of the building and the building will be a brick block masonry on all four sides of the structure.

Staff comments were reviewed (see Attachment A).

With no comments from the public, the hearing was closed at 5:25 p.m.

Mr. Suedbeck made a motion, seconded by Ms. Dougherty, to approve the variances as requested.

Mr. Magnuson made an amendment to the motion, seconded by Mr. Hartman to approve the variances as requested and require the applicant to approach the property owner to the south for an agreement on parking striping.

The motion carried.

The Board of Zoning Appeals talked about the unique shape of the property and the fact that it has street frontage on three sides. The request is a reasonable request as the existing dilapidated building on the property does not meet setbacks either. The property is zoned for this type of use. The Board felt the request will fit in the surrounding area.

3. There being no further business to come before the Board of Zoning Appeals the meeting adjourned at 5:35 p.m.

Respectfully submitted,



Megan M. DeSchepper, AICP  
Planner/Airport Manager

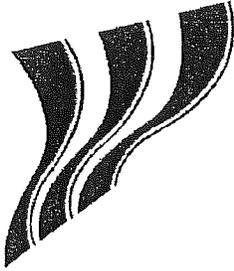
**BOARD OF ZONING APPEALS-NOVEMBER 18, 2013**

***STAFF COMMENTS***

1. INSITE REAL ESTATE SETBACK AND PARKING VARIANCES- FILE NO. 13-02:

- The applicant is InSite Real Estate, Oakbrook, IL.
- The applicant is requesting to allow construction of a retail auto parts store and parking lot with a 5' building setback off of the north property line, 10' setback off of the east property line, and 10' off of the west property line as well as a 3' parking setback off of the east property line and 0' off the west and south property line, and 5 less parking spaces than required by Ordinance for the size of the building on property described as: Lot 1 & 2 excluding the easterly 6' and N ½ of Lot 3 excluding the easterly 6' thereof, Block 17, Hanson's Addition to Willmar (902 1<sup>st</sup> St. S.).
- The Willmar Zoning Ordinance establishes a front yard setback of 25', side yard setback off of r-o-w of 25', & a parking setback of 15' off the r-o-w, & at least 8 spaces, or one (1) space for each one hundred seventy-five square feet devoted to public sales or service, plus one space for each five hundred square feet of storage area.
- The current building does not meet building setback off of the east or west property line nor does existing shed from the west property line.

RECOMMENDATION: Review variance standards in Section 9.D.3.a.1-4 to see if there are practicable difficulties, reasonableness, uniqueness, and essential character.



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE  
ACTION**

**Agenda Item Number:**   2  

**Meeting Date:**

**Attachments:**    \_\_\_ Yes \_\_\_ No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

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**Originating Department:**    City Clerk-Treasurer

**Agenda Item:**            Consideration of Public Hearing, Truth-in-Taxation

**Recommended Action:**    Consider Citizen Input

**Background/Summary:**

The Minnesota Legislature passed a law in 1989 that was designed to help property owners understand how the property tax is determined and how they can get involved with local budgeting issues and taxation. This process known as "truth-in-taxation" occurs once a year. It gives property owners an opportunity to review information pertaining to a property tax proposed for their property and to react to local budget decisions before they become finalized.

Between November 10<sup>th</sup> and November 24<sup>th</sup>, the county auditor/treasurer prepares and mails to each owner of real and personal property (excluding mobile homes) on the current year's assessment roll, a notice of proposed property tax. This statement, also known as a "truth-in-taxation" notice, is an announcement that contains detailed information on the amount of property tax each taxing authority collected for taxes payable in the current year and proposes to collect for taxes payable in the next year. It shows property owners an estimate of how much the property tax bill will either increase or decrease due to spending or other factors. Additionally, this notification provided the specific date, time, and place for municipal scheduled public hearings where property owners may go and speak on the budgets and future taxes of the City of Willmar as well as the mailing addresses for them should they wish to send written comments. If the property owners are interested in either the change in or the amount of the proposed property tax to be collected, they were encouraged to attend tonight's public hearing printed on their notice. The law requires the governing bodies of each city having a population over 500 to hold a public hearing on their final budget and property tax levy for tax payable in the next year. The purpose of this hearing is to discuss the percentage change in property taxes proposed and the specific purpose for which property tax revenues are being changed. Furthermore, the public are invited to speak and ask questions so they may become informed and offer input during the budget setting process. If this initial hearing is not completed on its scheduled date, it is continued to another council meeting.

**Alternatives:**    Decrease the proposed levy and corresponding budget

**Financial Considerations:**

**Preparer:**    City Clerk-Treasurer

**Signature:**

**Comments:**

NOTICE OF PUBLIC HEARING ON ORDINANCE

NOTICE IS HEREBY GIVEN by the City Council of the City of Willmar that the City Council will conduct a public hearing on and consider adoption of Ordinance Authorizing the Issuance of Hospital Revenue Notes (Rice Care Center Project) at the Council Chambers in the Municipal Utilities Building, Willmar, Minnesota, at 7:03 o'clock P.M. on the 2nd day of December, 2013. Said proposed Ordinance is as follows:

ORDINANCE NO. \_\_\_\_\_

An Ordinance Authorizing the Issuance of Hospital Revenue Notes.

The City of Willmar hereby ordains:

1. The City of Willmar has heretofore determined to defray the cost of (i) the renovation of the east wing of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "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; (ii) the renovation of the west wing of the 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; (iii) the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen; and (iv) currently refunding the outstanding principal amount of the City of Willmar Hospital Revenue notes, Series 2011 (collectively, the "Project").

2. This Ordinance is adopted in order to authorize the borrowing of money and the issuance of one or more Hospital Revenue Notes in one or more series in an approximate aggregate principal amount not to exceed \$9,100,000 as provided in Section 2.12 of the City Charter. Further details shall be set forth by resolution.

This Ordinance shall be effective from and after its adoption and second publication.

This Ordinance Introduced by Council Member: Anderson

This Ordinance introduced on: November 18, 2013

This Ordinance published on: November 22, 2013

This Ordinance given a hearing on: \_\_\_\_\_

This Ordinance adopted on: \_\_\_\_\_

This Ordinance published on: \_\_\_\_\_

EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF  
WILLMAR, MINNESOTA

HELD: December 2, 2013

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Kandiyohi County, Minnesota, was duly held at the Municipal Utilities Building in said City on Monday, the 2nd day of December, 2013, at 7:00 o'clock P.M. for the purpose in part of authorizing the issuance of Hospital Revenue Notes (Rice Care Center Project) of said City.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION ACCEPTING OFFER ON SALE OF  
HOSPITAL REVENUE NOTES  
(RICE CARE CENTER PROJECT)  
AND PROVIDING FOR THEIR ISSUANCE

A. WHEREAS, the City of Willmar, Minnesota (the "City"), through the Rice Memorial Hospital Board (the "Board") owns and operates the Rice Memorial Hospital as a revenue producing public facility (the "Hospital" or "Hospital Facilities") and the following bonds are outstanding which constitute first and prior liens upon the Net Revenues (as hereinafter defined) of the Hospital Facilities: (1) the City's General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) dated February 28, 2012 (the "Series 2012 Bonds") and (2) the City's Hospital Revenue Note, Series 2011 (Rice Care Center Project) (the "Prior Note"); and

B. WHEREAS, in addition, the Board has entered into a guaranty agreement dated as of May 11, 1994 (the "Guaranty") in favor of Wells Fargo Bank, National Association (the "Bank") pursuant to which the Board guaranteed the obligations of Shared Health Resources under that certain Construction and Term Loan Agreement dated May 11, 1994; and

C. WHEREAS, the Board and the Bank subsequently modified the Guaranty to provide that payment of obligations under the Guaranty is subordinate to payment of the Parity Debt (as defined below); and

D. WHEREAS, the Board owns 100% of the membership interests in Rice Home Medical, LLC which has entered into an Installment or Single Payment Note (Breakfunding Indemnity) dated as of July 27, 2007 which is payable from the revenues of Rice Home Medical, LLC and secured by a mortgage on real property owned by Rice Home Medical, LLC and therefore is not deemed to be Parity Debt;

E. WHEREAS, the Board has also entered into the following obligations payable from the Net Revenues of the Hospital Facilities and which are not issued on a parity of lien with the Parity Bonds but which have a second and subordinate lien on the Net Revenues: (1) the Note dated January 1, 2004 to Rice Health Foundation and (2) the Promissory Note and Security Agreement dated April 24, 2009 to North American State Bank (collectively, and together with the Guaranty, the "Subordinate Debt"); and

F. WHEREAS, on November 18, 2013, the City Council adopted a resolution calling a public hearing on an Ordinance entitled "Ordinance Authorizing the Issuance of Hospital Revenue Notes (Rice Care Center Project)"; and

G. WHEREAS, a public hearing on the adoption of the Ordinance was held on this same date, and following the public hearing, the City Council adopted the Ordinance; and

H. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to issue its hospital revenue notes pursuant to Minnesota Statutes, Chapter 475 and Sections 447.45 to 447.50, to provide funds for the renovation of the Care Center (as defined below) and to refund the outstanding principal amount of the Prior Note; and

I. WHEREAS, the principal amount of the Prior Note is callable on any date, as provided in the resolution authorizing the issuance of the Prior Note adopted by the City on March 7, 2011 (the "Prior Resolution"); and

J. WHEREAS, the City has determined that its Hospital Revenue Notes (Rice Care Center Project) (collectively, the "Notes" or individually, each a "Note") shall be sold by private negotiation and the City has retained Springsted Incorporated, an independent financial consultant; therefore, the City is authorized to negotiate the sale of the Notes without compliance with the public sale requirements of Chapter 475; and

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

1. Findings. It is hereby found, determined and declared that:

(a) The Project. It is advisable, expedient and necessary to issue hospital revenue notes, in one or more series, to provide money in the amount not to exceed \$9,100,000 to funds to defray the costs of (i) the renovation of the east wing of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "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; (ii) the renovation of the west wing of the 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; (iii) the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen and (iv) the current refunding of the outstanding principal amount of the Prior Notes (collectively, the "Project").

(b) Prior Outstanding Obligations. Except for the Series 2012 Bonds, the Prior Notes and the Subordinate Debt, neither the City nor the Board has any outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of said Hospital or indebtedness for which any of the Net Revenues of all or a part of the Hospital has been appropriated or pledged.

(c) Parity Debt Test. All of the payments required to be made into the various funds and accounts provided for in the resolutions authorizing the issuance of the Parity Debt have been made. Prior to the issuance of the Notes the Pricing Committee (as defined below) shall determine, on behalf of the City that the Net Revenues of the Hospital for each of the two most recent completed Fiscal Years is at least 1.25 times the amount of the maximum annual Principal and Interest Requirements of all Parity Debt, including the debt service on the Notes, and excluding the Prior Note and the Subordinate Debt, and that therefore the City is authorized to issue the Notes secured by the Net Revenues of the Hospital on a parity of lien with the Parity Debt.

2. Sufficiency of Net Revenues. The estimated Net Revenues to be derived from the operation of the Hospital Facilities during the term of the Notes are projected to be more than sufficient to produce Net Revenues after current costs of operation and maintenance adequate to pay principal and interest when due on the Notes authorized herein, the Parity Debt and the Subordinate Debt and to maintain reasonable reserves therefor.

3. Delegation of Acceptance of Offer. The Pricing Committee described in paragraph 4 below is hereby authorized to negotiate with a consortium of Willmar community banks including Concorde Bank, Lake Region Bank, Heritage Bank, Home State Bank, Bremer Bank N. A. and North American State Bank (collectively the "Purchasers") to purchase the Notes, in accordance with the terms of the Summary of Proposed Terms and Conditions, a copy of which is on file with the City Clerk.

4. Terms of Notes.

(a) Title; Original Issue Date; Denominations. The Notes shall be titled "Hospital Revenue Notes (Rice Care Center Project)", shall be dated as of their date of issuance, and shall be issued as fully registered notes. The Notes shall be numbered R-1 and upward in the denomination of \$100,000 or in any integral multiple thereof of a single maturity.

(b) Delegation to Pricing Committee. The City Council hereby delegates to the Administrator and Finance Director of the City and the Chief Executive Officer and Chief Financial Officer of the Hospital (the "Pricing Committee") the power to determine, by negotiation with the Purchasers, the original principal amounts of the Notes to be issued to finance the Project, the interest rate(s) on the Notes, including any adjustment rates, payment schedule for the Notes, the amount and source of the reserve fund deposit, and any prepayment option, provided that the final payment date for the Notes shall not be later than December 1, 2035, the net effective interest rate for the Notes shall not exceed 6.50%, and the principal amount of the Notes shall not exceed \$9,100,000.

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

6. Interest. The Notes shall bear interest on the dates determined by the Pricing Committee, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum determined by the Pricing Committee and set forth in the Notes as executed and delivered.

7. Optional Redemption. The Notes shall be subject to redemption and prepayment at the option of the City on such date as determined by the Pricing Committee. Redemption may be in whole or in part. If redemption is in part, the principal amounts to be redeemed shall be determined by the City and a pro rata portion of each Note, based on the outstanding principal amount of each Note, shall be prepaid. The Notes or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the registered holders of the Notes.

8. Note Registrar. The City Finance Director is appointed to act as note registrar and transfer agent with respect to the Notes (the "Note Registrar"), and shall do so unless and until a successor Note Registrar is duly appointed, all pursuant to any contract the City and Note Registrar shall execute which is consistent herewith. The Note Registrar shall also serve as paying agent unless and until a successor-paying agent is duly appointed. Principal and interest on the Notes shall be paid to the registered holders (or record holders) of the Notes in the manner set forth in the form of the Notes and paragraph [13] of this resolution.

9. Form of Notes. The Notes to be issued hereunder, together with the registration information thereon, shall be in substantially the form attached hereto as Exhibit A.

10. Execution; Temporary Notes. The Notes shall be executed on behalf of the City by the signatures of its Mayor and City Clerk and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed facsimile; and provided further that the corporate seal may be omitted on the Notes as permitted by law. In the event of disability or resignation or other absence of either such officer, the Notes may be signed by the officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The City may elect to deliver, in lieu of printed definitive notes, one or more typewritten temporary notes in substantially the form set forth above. The temporary notes may be executed with photocopied facsimile signatures of the Mayor and Clerk. Such temporary notes shall, upon the printing of the definitive notes and the execution thereof, be exchanged therefor and cancelled.

11. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Note Registrar a note register in which, subject to such reasonable regulations as the Notes Registrar may prescribe, the Note Registrar shall provide for the registration of the Notes and the registration of transfers of the Notes entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Note at the principal office of the Note Registrar, the City shall execute (if necessary), and the Note Registrar shall insert the date of registration (as provided in paragraph 7) and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Note may be registered in blank or in the name of "bearer" or similar designation.

At the option of the holders thereof, the Notes may be exchanged for new Notes of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Notes to be exchanged at the principal office of the Note Registrar. Whenever any Notes are so surrendered for exchange, the City shall execute (if necessary), and deliver the Notes which the holder making the exchange is entitled to receive.

Any Notes surrendered upon any exchange or transfer provided for in this resolution shall be promptly cancelled by the Note Registrar and thereafter disposed of as directed by the City.

All Notes delivered in exchange for or upon transfer of Notes shall be valid special obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Notes surrendered for such exchange or transfer.

Any Note presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Note Registrar, duly executed by the holder thereof or his attorney duly authorized in writing.

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

12. Rights Upon Transfer or Exchange. Any Note delivered upon transfer of or in exchange for or in lieu of any other Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such Note.

13. Interest Payment; Record Date. Interest on any Note shall be paid on each interest payment date by check or draft mailed to the person in whose name such Note is registered (the "Holder") on the registration books of the City maintained by the Note Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Note Registrar whenever

money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Note Registrar to the Holders not less than 10 days prior to the Special Record Date.

14. Treatment of Registered Owner. The City and Note Registrar may treat the person in whose name the Note is registered as the owner of the Note for the purpose of receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 13 above) on, such Note and for all other purposes whatsoever whether or not such Note shall be overdue, and neither the City nor the Note Registrar shall be affected by notice to the contrary.

15. Delivery; Application of Proceeds. The Notes when so prepared and executed shall be delivered by the City Finance Director to the Purchasers upon receipt of the purchase price, and the Purchasers shall not be obliged to see to the proper application thereof.

16. Definitions. For purposes of this Resolution the following capitalized items not otherwise defined herein shall have the following meanings:

Additional Bonds: any additional bonds made payable from Net Revenues and issued subsequent to the issuance of the Notes in accordance with Sections 20.5 and 20.6 hereof;

Additional Indebtedness: any Indebtedness incurred or assumed by the City or the Board and payable from Net Revenues, subsequent to the issuance of the Notes;

Additional Long-Term Indebtedness: all Additional Indebtedness incurred or assumed by the City or the Board payable more than one year from the date of creation thereof, including Indebtedness whenever payable if renewable pursuant to the terms thereof or a revolving loan agreement to a date more than one year after the date of creation of such Indebtedness and including lease rental obligations payable more than one year from the date of creation thereof which under GAAP are shown on the balance sheet as a liability;

Board: the Rice Memorial Hospital Board organized under the Charter of the City, its successor and assigns;

Contributions: the aggregate amount of all contributions, grants, gifts, bequests and devises actually received by the Hospital in the form of cash or marketable securities which are not restricted in any way which would prevent their application to the payment of debt service;

Debt Service Coverage Ratio: for a Fiscal Year, the ratio of Net Revenues to the Total Principal and Interest Requirements in such Fiscal Year determined in accordance with GAAP consistently applied;

Fiscal Year: the calendar year or any other twelve-month period specified by the Board as the fiscal year of the Hospital;

General Obligation Bonds: the General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) and any other general obligation bonds of the

City made payable from Net Revenues and secured by a pledge of the full faith and credit of the City;

GAAP: generally accepted accounting principles;

Guaranty: the Guaranty, dated May 11, 1994, executed by Rice Memorial Hospital in favor of Norwest Bank Minnesota Central, National Association (now known as Wells Fargo Bank, National Association) pursuant to which the Board guaranteed the obligations of Shared Health Resources under that certain Construction and Term Loan Agreement dated May 11, 1994;

Hospital or Hospital Facilities: all buildings, structures, improvements, equipment facilities and land under the jurisdiction of the Board, collectively designated as the Rice Memorial Hospital under the Charter of the City;

Hospital Assets: the Hospital and any other properties constituting capital assets subject to the jurisdiction of the Board;

Indebtedness: the Notes, the Parity Debt, the Subordinate Debt, the Guaranty, any Additional Bonds and all other obligations appearing as liabilities on the balance sheet of the Hospital for the payment of moneys incurred or assumed by the Board, all as determined in accordance with GAAP, except that such Indebtedness shall not include:

(a) Indebtedness incurred in the ordinary course of business for other than borrowed money (including without limitation accounts payable, accrued expenses, social security and unemployment insurance liabilities);

(b) any continuing obligation to pay principal of and interest on Indebtedness for which there has been established an escrow or similar fund or account, satisfactory to the Holder of such Indebtedness (or a trustee or agent acting on behalf of such Holder), for the payment in full of such Indebtedness when due and for which such Holder (or such trustee or agent) has exclusive recourse; and

(c) any crossover refunding Indebtedness prior to the earliest crossover date provided that (i) no principal is scheduled to become due on such Indebtedness on or before said crossover date; and (ii) sufficient funds are deposited in escrow to pay interest to become due on such Indebtedness on or before said crossover date.

Independent Accountant: a certified public accountant or firm of certified public accountants registered and qualified to practice as such under the laws of the State of Minnesota and not regularly employed by the Board or otherwise by the City except to perform independent audits of the books and records or to make other similar periodic reviews;

Independent Counsel: any attorney duly admitted to practice law before the highest court of any state, who may be counsel to the Board or to the City; and any opinion of Independent Counsel shall be a written opinion signed by such Counsel;

Independent Management Consultant: any Person qualified to study operations of hospitals who, in the judgment of the Board has a favorable national reputation for skill and experience in such work and who is not an employee or officer of the Board or of the City and is selected and appointed by the Board;

Lease: the Lease, dated July 1, 2009 by and between Shared Health Resources and Rice Memorial Hospital and any amendment thereto which does not convert the Lease into a financing lease;

Long-Term Indebtedness: Indebtedness which is not Short-Term Indebtedness;

Net Proceeds: with respect to any insurance payment or Condemnation award, the gross proceeds remaining therefrom after payment to the City of all costs reasonably incurred by it in connection with any condemnation proceedings or the collection of insurance, including, but not limited to attorney's fees and expert witness fees;

Net Revenues: all Revenues minus Operating Expenses;

Operating Expenses: the reasonable and necessary costs of administering, operating and maintaining the Hospital, including rentals paid under the Lease, but excluding (i) non-recurring or extraordinary losses, (ii) depreciation, (iii) unrealized losses arising from the periodic valuation of investments, (iv) amortization, (v) interest expenses, all determined in accordance with GAAP.

Parity Debt: the Series 2012 Bonds (unless, until and to the extent that the City Council subordinates the Series 2012 Bonds to the payment of debt service on the other Parity Debt as provided in Section 20.5 of this Resolution), the Notes and any Additional Long-Term Indebtedness or Additional Bonds secured by a pledge of Net Revenues on a parity of lien with the lien on Net Revenue securing all other Parity Debt as and to the extent as provided in Sections 20.5, 20.6, 20.7 or 20.8 of this Resolution;

Permitted Encumbrances: as of any particular time, (i) liens for special assessments not then delinquent, (ii) security interests securing Additional Long-Term Indebtedness permitted under Section 20.8 of this Resolution, (iii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the use of or operations being conducted in the Hospital, (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Hospital and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the use of or operations being conducted in the Hospital, (v) encumbrances permitted by any provision of this Resolution;

Person: any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof;

Principal and Interest Requirements of Long-Term Parity Indebtedness: with respect to Long-Term Indebtedness issued as Parity Debt for any Fiscal Year, the sum of the amount required to (i) pay the principal and interest scheduled to become due on any loans consisting of

Long-Term Indebtedness during such Fiscal Year, and (ii) make the payments or rentals scheduled to become due under any installment purchase contract, lease purchase agreement, lease or similar financing agreement consisting of such Additional Long-Term Indebtedness during such Fiscal Year;

Revenue Bonds: the Notes and any Additional Bonds hereafter issued as Parity Debt which are not issued as General Obligation Bonds;

Revenues: for any period the sum of (a) all operating and non-operating revenues, including Contributions and gross patient service revenues less contractual allowances and provisions for free care and discounted care if such amounts are initially includible as operating revenues, (b) other operating revenues, and (c) other non-operating revenues, all as determined in accordance with GAAP; provided that any such "Revenues" shall not take into account any extraordinary or non-recurring items;

Reserve Requirement: the maximum principal and interest to become due on the Parity Debt, the Notes or any Additional Bonds in any Fiscal Year;

Subordinate Debt: the Guaranty, the Note dated January 1, 2004 to Rice Health Foundation, the Promissory Note and Security Agreement dated April 24, 2009 to North American State Bank and any other Long Term Indebtedness hereinafter issued by the City or Board and secured by a pledge of Net Revenues subordinate to the pledge to the Parity Debt;

Short-Term Indebtedness: Indebtedness having an original maturity less than or equal to one year, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance and Indebtedness which has no set maturity date and is payable on demand; and

Total Principal and Interest Requirements: for any Fiscal Year, the amount required to pay principal and interest scheduled to become due on the Parity Debt, the Subordinate Debt, the Indebtedness guaranteed by the Guaranty, any Additional Bonds and any Additional Long Term Indebtedness.

17. Funds and Accounts. For the convenience and proper administration of the proceeds derived from the sale of the Notes and for the payment of principal of and interest on the Notes, the Hospital Fund (the "Hospital Fund") heretofore established shall continue to be in effect, subject to the following accounts hereby established:

(i) Construction Account. A Construction Account to be held by the Board, to which there shall be credited the proceeds of the sale of the Notes less any accrued interest paid by the Purchasers upon delivery of the Notes, and less the Note proceeds deposited in the Revenue Bond Reserve Account under paragraph (vi) below. From the Construction Account there shall be paid all costs of the Project and the issuance of the Notes. Any balance remaining in the Construction Account after the payment of the costs of the Project and the costs of issuance of the Notes shall be transferred to the Revenue Bond Debt Service Account herein established.

(ii) Operation and Maintenance Account. An Operation and Maintenance Account, to be held by the Board, as a separate account within the Hospital Fund, to which shall be deposited all Revenues (except earnings on the General Obligation Bond Reserve Account and Revenue Bond Reserve Account), and from which shall be paid all Operating Expenses.

(iii) General Obligation Bond Debt Service Account. A General Obligation Bond Debt Service Account, to be held by the City. The City shall deposit in the General Obligation Debt Service Account:

(A) On the 15th day of each month, from Net Revenues, an amount equal to 1/12th of the total principal due on the General Obligation Bonds during the ensuing 12 months and a sum equal to 1/6th of the total amount of interest to become due on the General Obligation Bonds within the next 6 months; provided, however, that no further payments need be made by the City to said account when the moneys held therein and in the General Obligation Bond Revenue Account are sufficient for the payment of all principal of any General Obligation Bonds and the interest thereon to their respective maturity dates or their redemption dates for which irrevocable notice of call has been given; and provided further that earnings and any other sums (except Net Revenues) held herein may be credited against the payments otherwise required to be made under this clause (A);

(B) All taxes which may hereafter be levied and collected by the City for payment of principal and interest on any General Obligation Bonds; and

(C) Any other sums on hand which the City may from time to time irrevocably pledge and appropriate for the payment of the General Obligation Bonds and any interest thereon.

If the date payment is due under clause (A) above is not a business day, such payment shall be due on the next succeeding business day. The General Obligation Bond Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the General Obligation Bonds and any other bonds hereafter issued by the City and made payable from said account as provided by law, and to pay any rebate due to the United States.

(iv) Revenue Bond Debt Service Account. The Revenue Bond Debt Service Account to be held by the City and maintained as a separate account within the Hospital Fund. There shall be deposited in the Revenue Bond Debt Service Account, from Net Revenues, on the 15th day of each and every month, an amount equal to not less than 1/6 of the interest to become due within the next six months on the Revenue Bonds payable semiannually, plus an amount equal to not less than 1/3 of the interest to become due within the next three months on the Revenue Bonds payable quarterly and 1/12 of the principal to become due on the

Revenue Bonds within the next 12 months; provided any payments may be deferred until the first day of the month following the issuance of the Revenue Bonds, and provided further, that the accrued interest and unused discount deposited in the Revenue Bond Debt Service Account may be credited against the initial monthly payment required by this provision. When the amounts on hand in the Revenue Bond Debt Service Account and the Revenue Bond Reserve Account, hereinafter described, are sufficient for the payment of the Revenue Bonds and any Additional Bonds hereafter issued and made payable from such accounts and the interest thereon to their respective maturity dates or their redemption dates for which irrevocable notice of call has been given, then no further deposits need be made to the Revenue Bond Debt Service Account. The Revenue Bond Debt Service Account shall be used only to pay interest and principal due on the Revenue Bonds and any other bonds hereinafter issued and made payable from such account.

(v) General Obligation Bond Reserve Account. A General Obligation Reserve Account to be held by the City. Moneys in the General Obligation Bond Revenue Account shall be used only when and if moneys in the General Obligation Bond Debt Service Account or other moneys available therefor are insufficient to pay principal and interest on the General Obligation Bonds; provided, however, that the moneys in the General Obligation Bond Reserve Account may be used to prepay the General Obligation Bonds, when such moneys, together with other moneys available for such purpose, will retire all of the General Obligation Bonds then outstanding. Earnings on sums held in the General Obligation Bond Reserve Account shall be retained therein, provided any balance in the General Obligation Bond Reserve Account in excess of the Reserve Requirement may be transferred to the General Obligation Bond Debt Service Account and credited against the next payment or payments due. In no event shall sums in the General Obligation Bond Reserve Account be used to fund the General Obligation Bond Debt Service Account so long as there are sufficient Net Revenues therefor.

(vi) Revenue Bond Reserve Account. A Revenue Bond Reserve Account to be held by the City and to be used only when and if moneys in the Revenue Bond Debt Service Account or other moneys available therefor are insufficient to pay principal and interest on the Revenue Bonds; provided, however, that the moneys in the Revenue Bond Reserve Account may be used to prepay the Revenue Bonds when such moneys, together with other moneys available for such purpose, will retire all of the Revenue Bonds. Proceeds of the Notes and Net Revenues of the Hospital in an amount to be determined by the Pricing Committee shall be deposited in the Revenue Bond Reserve Account at Bond Closing. Earnings on sums held in the Revenue Bond Reserve Account shall be retained therein, provided that any balance in the Revenue Bond Reserve Account in excess of said Reserve Requirement shall be transferred to the Revenue Bond Debt Service Account and credited against the next payments required to be made thereto. In no event may sums in the Revenue Bond Reserve

Account be used to fund the Revenue Bond Debt Service Account so long as there are sufficient Net Revenues therefor.

(vii) Parity Accounts. One or more debt service and reserve accounts to be held by the City as separate accounts within the Hospital Fund to pay, or secure payment of any other Parity Debt, and interest thereon, not payable from or secured by any of the foregoing accounts.

(viii) Surplus Net Revenues Account. A Surplus Net Revenues Account to be held by the Board and maintained as a separate account within the Hospital Fund, to which account shall be credited on the first of each and every month all Net Revenues in excess of the amounts then required to be deposited in the foregoing accounts. Sums in the Surplus Net Revenue Account may be used for any proper corporate purpose, including any payments due on any Subordinate Indebtedness and the payment of principal, interest and premium on any Indebtedness not payable from any of the foregoing accounts; provided that if the next received Net Revenues are insufficient to satisfy any of the monthly requirements for any of the foregoing accounts, any sums in the Surplus Net Revenues Account shall be promptly applied to cure the deficiency.

No portion of the proceeds of the Notes shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Notes were issued, (2) as part of a reasonably required and replacement fund not in excess of 10% of the proceeds of the Notes, and (3) in addition to the above in an amount not greater than the lesser of 5% of the proceeds of the Notes or \$100,000. To this effect, any proceeds of the Notes and any sums from time to time held in the Construction Account, Revenue Bond Debt Service Account or Revenue Bond Reserve Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) (the "Accounts") in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Accounts shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Notes to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

18. Sufficiency of Net Revenues. It is hereby found, determined and declared that the Net Revenues are estimated to be sufficient in amount to pay when due the principal of and interest scheduled to become due on all Indebtedness, and the Net Revenues are hereby pledged to the various accounts held in the Hospital Fund, and to the payment of the Notes and the Parity Debt shall be applied for that purpose, to the extent and in the manner herein required to assure payment of the principal and interest requirements of the Notes as the same become due. Nothing contained herein shall be deemed to preclude the City or the Board from making further pledges and appropriations of the Net Revenues for the payment of other or additional

obligations as permitted under Sections 20.5, 20.6, 20.7 and 20.8 hereof, provided that it has first been determined by the Board or, in the case of Additional Bonds, the City, that the estimated Net Revenues will be sufficient in addition to all other payment sources, for the payment of all Indebtedness, and such Additional Indebtedness or Additional Bonds, and any such pledge and appropriation of the Net Revenues may, if permitted under Sections 20.5, 20.6, 20.7 and 20.8 hereof, be made superior or subordinate to, or on a parity with, the pledge and appropriation of Net Revenues herein made.

19. Priority of Application of Net Revenues. In the event the available Net Revenues (including sums in the Surplus Net Revenues Account) are insufficient to make all the required deposits into the accounts set forth in paragraph 17 clauses (iii) through (vii) hereof, the Net Revenues shall be deposited in the following order of priority:

First: Pro rata between the General Obligation Bond Debt Service Account, Revenue Bond Debt Service Account and any other debt service account or accounts from which any other Parity Debt is payable, based on the respective amounts then required to be deposited in said accounts;

Second: Pro rata to the General Obligation Bond Reserve Account, the Revenue Bond Reserve Account and any other debt service reserve account established to secure payment of debt service on any other Parity Debt, based on the respective deficiencies in said reserve accounts;

20. Additional Covenants. For the protection of the holders of the Notes herein authorized, the Parity Debt and any Additional Bonds from time to time outstanding, the City herein covenants and agrees to and with the holders thereof from time to time as follows:

20.1 Payment of Principal and Interest. The City covenants that it will promptly pay or cause to be paid the principal of, and premium, if any, and interest on all Indebtedness at the place, on the dates and in the manner provided herein and in said instrument of Indebtedness, according to the terms thereof. The principal and interest are payable from certain Net Revenues which are hereby specifically assigned and pledged to the payment thereof for the benefit of the Bondholders in the manner and to the extent herein specified, provided that the full faith and credit and taxing powers of the City are further irrevocably pledged for the prompt and full payment of said principal, interest and redemption premium, if any, on the General Obligation Bonds.

20.2 Performance of and Authority for Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in the Notes executed and delivered hereunder and in all proceedings of the City Council and the Board; that it is duly authorized under the Constitution, laws of the State of Minnesota and the City Charter, including particularly and without limitation the Act, to issue the Notes authorized hereby to adopt this Resolution, to assign and pledge the Net Revenues of the Hospital in the manner and to the extent herein set forth and to bind the Board with respect to all covenants, undertakings, stipulations and provisions contained in this Resolution; that all actions on the part of the City for the issuance of the Notes and the adoption of this Resolution has

been duly and effectively taken; and that the Notes in the hands of the Holder thereof are and will be valid and enforceable obligations of the City according to the terms thereof.

20.3 Operation and Maintenance of Hospital. The City shall at all times operate or cause to be properly operated the Hospital as a revenue producing facility and in an efficient and economical manner, consistent with good business and operating practices; and the City shall cause the Hospital to be maintained, preserved and kept in good repair, making repairs, replacements and renewals thereof as, in the judgment of the Board, are necessary.

20.4 Rates and Charges.

(1) Subject to applicable law, the City covenants and agrees to charge fees and rates for the Hospital Facilities and services and to exercise such skill and diligence as to provide Revenues from the Hospital, together with other available funds, sufficient to pay promptly its Total Principal and Interest Requirements and expenses of operation, maintenance and repair of the Hospital. To the extent permitted by law, the City further agrees to revise the rates, fees and charges as may be necessary or proper to comply with the provisions of this Section.

(2) If in any Fiscal Year Net Revenues are less than 110% of the Total Principal and Interest Requirements during such Fiscal Year, then the City may require the Board to retain an Independent Management Consultant to make recommendations with respect to such rates, fees and charges and other matters relating to or affecting said Net Revenues; provided that the Board shall not be required to employ an Independent Management Consultant pursuant to this Section more often than once every three (3) years. The recommendations of the Independent Management Consultant shall be presented by the Independent Management Consultant in writing to the Board and City Council, and the Board agrees that it shall accept and follow the recommendations of the Independent Management Consultant, to the maximum feasible extent, except as the Board shall specifically determine by resolution duly adopted (and not overruled by the City Council) not to accept and follow the recommendations of the Independent Management Consultant.

(3) The City recognizes that while the Notes are outstanding (i) the method or methods by which hospitals are paid for services may continue to change from time to time (e.g., third-party reimbursements or payments, required or accepted methods for structuring fees, rentals, rates and other charges, private and governmental insurance programs, federal and state regulatory laws and regulations) and (ii) other developments which are not now foreseeable may occur and substantially affect the financing and delivery of health care services. The Independent Management Consultant retained by the Board under this Section may recommend (with respect to the fees, rentals, rates or other charges and with respect to improvements or changes in the operations of or the services rendered by the Board) that either (i) no changes be made, or (ii) some change be made,

even though such recommendation is not calculated to result in compliance with applicable provisions of this Resolution unless such provisions are amended, but such a recommendation may only be made if the Independent Management Consultant includes in his written report and recommendations a statement that, in his opinion, compliance with such recommendations will result in compliance with the provisions of this Section to the maximum extent feasible. If, by the terms of this Section, the Board is bound to follow such recommendations, then the City shall amend this Resolution to bring its provisions into conformity with such recommendations; provided that nothing herein shall be construed to excuse the City from (a) the payment in timely manner of all the payments required by this Resolution as the same become due and payable, and (b) the requirement under this Section to employ an Independent Management Consultant.

#### 20.5 Additional Parity Debt.

(1) The Notes issued hereunder, together with the Parity Debt, shall be secured by a first charge and lien upon the Net Revenues of the Hospital on a parity of lien as provided in Sections 17 and 19 hereof. No Additional Bonds or Additional Long-Term Indebtedness shall be hereafter issued unless they are either (a) not secured by a lien on said Net Revenues (or any portion thereof), or (b) are secured by a lien on said Net Revenues made expressly subject and subordinate to the lien upon said Net Revenues securing all Parity Debt; provided however, that Additional Bonds or Additional Long-Term Indebtedness may be issued on a parity of lien with the Parity Debt as provided in Sections 17 and 19 hereof so long as either (a) the Board delivers to the City a report or opinion of an Independent Accountant certifying that the annual Net Revenues of the Hospital for each of the two completed Fiscal Years immediately preceding the issuance of such Additional Bonds or Additional Long-Term Indebtedness were at least 1.25 times the maximum annual Principal and Interest Requirements of all Parity Debt, including the Additional Long Term Indebtedness proposed to be issued, to become due in any Fiscal Year, or (b) a report or opinion of an Independent Management Consultant setting forth an estimate of the annual Net Revenues of the Hospital for each of the next two succeeding Fiscal Years following the completion of any improvements to be financed by the Additional Bonds or Additional Long Term Indebtedness and stating that on the basis of such estimate, the Net Revenues for such two Fiscal Years is projected to be not less than 1.25 times the maximum annual Principal and Interest Requirements of all Parity Debt, including the Additional Long Term Indebtedness proposed to be issued. Such facts in clause (a) or (b) above shall also be shown by the Certificate of the Chief Executive Officer of the Hospital and recited in the resolution of the City or the Board authorizing any such Additional Bonds or Additional Indebtedness.

(2) In addition to the requirements of (1) above, the following conditions shall be met for purposes of issuing Additional Bonds or Additional Indebtedness as Parity Debt:

(a) The payments required to be made (at the time of the issuance of such Parity Debt) into the various accounts provided for in the resolutions authorizing any Outstanding Parity Debt have been made.

(b) If the Parity Debt is Additional Bonds, the resolution authorizing such Additional Bonds provides for the pledge and payment into a reserve account for the Additional Bonds either: (i) on the date of issuance of the Additional Bonds, an amount equal to the Reserve Requirement for such Parity Debt, or (ii) monthly commencing on the date of the issuance of the Additional Bonds, Net Revenues equal to at least 1/48th of the Reserve Requirement.

(c) The proceeds of such Parity Debt shall be used only for the purpose of financing or refinancing improvements, additions, extensions, renewals or replacements to the Hospital.

(3) If the interest rate on any Long-Term Indebtedness varies, for purposes of making the calculations required under this Section 20.5, such interest rate shall be assumed to be the rate in effect on the date of calculation until the conversion date, and from and after each conversion date until the next conversion date or maturity, whichever is sooner, the rate that would have been in effect if the conversion date had been the date of calculation. A conversion date is a date on which the interest rate is by operation of the loan documents converted to a rate based on different rate setting criteria.

(4) The City or the Board may issue or incur Additional Bonds or Additional Indebtedness as Parity Debt without complying with the requirements of (1) above, to repair, restore, rebuild all or a portion of the Hospital damaged, destroyed or condemned, provided that all available Net Proceeds received from the damage, destruction or condemnation of the Hospital are first utilized.

(5) For the purpose of determining the Net Revenues, the amount of the Revenues of the Hospital may be adjusted by an Independent Accountant so as to reflect any changes in the amount of such Revenues which would have resulted if any revision of the schedule of rates and charges imposed at least six months prior to the time of issuance of any Additional Long Term Indebtedness had been in effect.

20.6 Subordinate Lien Bonds and Indebtedness; Refunding Bonds. Except as authorized in Sections 20.5, 20.7 and 20.8 hereof, the City and Board covenant and agree that they will issue or incur no Indebtedness payable from the Net Revenues of all or a part of the Hospital or constituting in any manner a lien thereon, unless such obligations either (a) are not secured by any security interest or lien on Net Revenues (or any portion thereof) or (b) are secured by a lien on such Net Revenues which is expressly made subject and subordinate to the lien and charge of the Parity Debt on the Net Revenues, except that the Parity Debt, or any part thereof, may be refunded and the refunding indebtedness issued shall enjoy complete equality of lien with the portion of any Parity

Debt not refunded, if there are any, provided that if only a portion of the outstanding Parity Debt shall be so refunded and if such Parity Debt shall be refunded in such manner that the annual principal and interest to become due on the refunding Parity Debt shall be greater than the annual principal and interest to become due on the Parity Debt to be refunded (assuming payment at their maturity), then such Parity Debt may not be refunded without the consent of the holders of the unrefunded portion of the outstanding Parity Debt. The City Council may at any time elect to subordinate any General Obligation Bonds to the payment of debt service on the other Parity Debt.

20.7 Short-Term Indebtedness. The Board may, to the extent permitted by law, incur Short-Term Indebtedness secured by a lien on Net Revenues prior to or on a parity with the Parity Debt for any one of the following purposes:

- (a) in the ordinary conduct of the Board's business and not for the purpose of borrowing money;
- (b) to borrow money not exceeding 10% of Revenues in its preceding Fiscal Year; or
- (c) to borrow money for improvements, major repairs or additions to the Hospital, if arrangements satisfactory to the City and consistent with the provisions of this Indenture have been made to repay the indebtedness from the proceeds of Additional Long-Term Indebtedness.

The Board may pledge to the payment of Short-Term Indebtedness incurred under clause (b) above accounts receivable from which Net Revenues are derived, and the lien created by said pledge may, at the election of the Board, be made superior or on a parity with the pledge and appropriate of Net Revenues herein made; provided that the aggregate of the Short-Term Indebtedness secured by such a pledge does not exceed 10% of the gross patient accounts receivable less than 90 days in age. No limitations are placed on the incurrence of Short Term Indebtedness secured by a lien on Net Revenues subordinate to the Parity Debt.

20.8 Capitalized Leases and Like Agreements and Purchase Money Security Interests. The Board may incur Additional Long-Term Indebtedness as a lease or installment purchase contract, as long as the annual payments thereunder, together with the aggregate annual payments of all other leases and installment purchase contracts which constitute Additional Long-Term Indebtedness do not exceed, as of the date the lease is effective, 5% of the Revenues in the then preceding Fiscal Year. The Board may, to the extent permitted by law, incur Additional Long-Term Indebtedness (so long as the applicable conditions of this Resolution are met) and for such purpose grant a purchase money security interest in any tangible personal property or movable fixtures. In no event, however, may the Board secure Additional Long-Term Indebtedness by otherwise granting a mortgage in real estate constituting a part of the Hospital.

20.9 Possession of Hospital and Sale of Hospital Assets.

(1) The City shall maintain possession of the Hospital, provided that the City may, to the extent permitted by law, lease all or any part of the Hospital or enter into an agreement for the use or operation of the Hospital so long as (i) no such lease or agreement shall be inconsistent with the provisions of this Resolution, and (ii) the City shall remain fully obligated under this Resolution as if such lease or agreement had not been made.

(2) The City may sell or otherwise dispose of any of its Hospital Assets for fair consideration, as estimated by the Board, and upon determination by the Board or its chief financial officer that such sale or disposition will not materially impair the revenue producing capability of the Hospital, provided that such determination shall first be approved by the City if the fair market value of the Hospital Asset, as estimated by the Board, exceeds 2% of the value of the Hospital Assets as determined by the last annual audit report of the Hospital. Any sum paid to the City for such Hospital Asset shall be deposited in the Debt Service Account.

20.10 Insurance. The City agrees that it will maintain insurance, which may include (for liability insurance but not property insurance) one or more self-insurance programs covering such risks and in such amounts as, in its judgment, are adequate to protect it and its properties and operations and as are, with respect to health care activities and properties, customary for health care providers of similar size and character. Such insurance policies may include fire insurance, insurance coverage of boilers and other selected machinery items, general liability insurance and property damage coverage, comprehensive automobile liability insurance, worker's compensation coverage as required by the laws of the state in which such obligor does business, use and occupancy insurance covering all or a portion of the loss of operating revenues by reason of the total or partial interruption of health care services, professional liability insurance protecting against claims arising from any act or omission in the furnishing of health care services to any patient, and fidelity bonds on officers and employees of the City and Hospital who may have access to or custody of the Revenues of the Hospital.

20.11 Liens. The City will pay all utility charges, assessments and other charges arising from the operations of the Hospital which, if unpaid, would become a lien on the Hospital and will not permit any lien or encumbrance except Permitted Encumbrances to be established or to remain unsatisfied against the Hospital; provided that the City may in good faith contest any liens filed or established against the Hospital, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment of any such items the Hospital or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay and cause to be satisfied and discharged all such unpaid items. With respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, with or without interest, the City shall be obligated to pay only such installments of principal and interest as are required to be paid.

The City shall make all payments and comply with all covenants required by the terms of any security agreement constituting a Permitted Encumbrance on any Hospital Asset.

20.12 Alterations to Hospital. The Board may from time to time remodel and make additions, modifications, alterations, improvements and changes (hereinafter collectively referred to as "alterations") in or to the Hospital as the Board, in its discretion, may deem to be desirable for its uses and purposes; provided that such alterations shall not substantially impair the structural strength, utility or market value of the Hospital or materially impair its revenue producing capability.

All work in connection with any alterations or repairs to the Hospital shall be done promptly and in good workmanlike manner and in compliance with certificate of need laws or government regulations which may at that time be in full force and effect and with the building and zoning laws of the City and other governmental subdivisions wherein the orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Hospital, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted.

20.13 Damage and Destruction. Amounts received by the City as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the City may determine, including, without limitation, applying such moneys to pay or prepay any Indebtedness in accordance with the terms thereof, subject to compliance with the provisions hereof and thereof; provided, however, that if the amount of such proceeds or awards received with respect to any casualty loss or condemnation exceeds 2% of the value of the Hospital Assets, such proceeds will be applied to the repair or replacement of the lost or damaged property in connection with which the proceeds or awards are received or to the payment or prepayment of any Indebtedness in accordance with the terms thereof.

20.14 Books, Records and Audit. The City shall keep proper and separate books of record and account relating to the Hospital and each fund and account established under this Resolution. Such books, together with all other books, agreements and papers of the City relating to the Hospital and such funds and accounts shall at all times be subject to inspection by the Holders of not less than 10% in principal amount of the Notes then outstanding, and their duly authorized agents.

The Board shall file with the City on or before May 1 of each year, an annual audit relating to the Hospital, accompanied by an Independent Accountant's certificate, including a statement of assets and liabilities as of the end of each Fiscal Year, a statement of revenues and expenses for such year, a statement of the amounts held in each fund and account described in Section 17 of this Resolution at the end of such year.

The Board shall also file with the City at least quarterly reports, relating to the Hospital including a statement of assets and liabilities, of revenues and expenses, and of the amounts held in each fund and account described in Section 17 of this Resolution.

The reports, statements and other documents required to be furnished to the City pursuant to any provisions of this Section shall be available for inspection of Holders at the office of the City and shall be mailed to each Holder who files a written request therefor with the City.

20.15 Accreditation. The City warrants that the Hospital is accredited by the Joint Commission and covenants that it will use its best efforts to maintain accreditation by The Joint Commission or its successors unless in the opinion of the Board, it is not in the best interest of the City and the Holders to maintain such accreditation. The Board shall send to the City a true copy of the accreditation letter or in lieu thereof immediately upon any loss of accreditation, a statement by the Board that the Hospital is no longer accredited. Such statement shall set forth the reasons given by the accrediting body for non-accreditation.

20.16 Merger. The City agrees that, to the extent provided by law, it will not merge or consolidate the operations of the Hospital with the operations of and will not acquire and include as part of the operations of the Hospital substantially all of the assets and liabilities of, any entity or other department of the City unless (i) such action is not inconsistent with the provisions of this Resolution and (ii) there is filed with the City an opinion of Independent Counsel that such action will not adversely affect the tax exempt status of the Notes for federal income tax purposes of the Notes.

21. Defeasance. When all of the Notes have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Notes shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Notes by irrevocably depositing with the Note Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Note should not be paid when due, it may nevertheless be discharged by depositing with the Note Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any Notes or portions thereof called for redemption on any date when they are prepayable according to their terms, by depositing with the Note Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Notes, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, subject to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchasers, and to the attorneys approving the legality of the issuance, certified copies of all proceedings and records of the City relating to the Notes and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Notes as the same appear from the books and records under their custody and control or as

otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Compliance with Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Notes, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

(a) Not later than 60 days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Notes, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or 5% of the proceeds of the Notes.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Notes or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Notes and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Note proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Notes are issued, shall be treated as made on the day the Notes are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this Section 26 upon receipt of an opinion of its Bond Counsel for the Notes stating in effect that such action will not impair the tax-exempt status of the Notes.

24. Negative Covenant as to Use of Hospital. The City hereby covenants not to use the Hospital Facilities or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project in such a manner as to cause the Notes to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

25. Tax-Exempt Status of the Notes; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Notes, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Notes, and the rebate of excess investment earnings to the United States.

26. Designation of Qualified Tax-Exempt Obligations. The Notes are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. In order to qualify the Notes 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 Notes are not "private activity bonds" as defined in Section 141 of the Code;

(b) 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 2013 will not exceed \$10,000,000; and

(c) not more than \$10,000,000 of obligations issued by the City during calendar year 2013 have been designated for purposes of Section 265(b)(3) of the Code.

27. Refunding Requirements. Until retirement of the Prior Notes, all provisions theretofore made for the security thereof shall be observed by the City and all of its officers and agents. The Redeemed Bonds shall be redeemed and prepaid in accordance with the terms and conditions set forth in the Notice of Call for Redemption substantially in the form attached to the certificate of the Pricing Committee, which terms and conditions are hereby approved and incorporated herein by reference. Failure to give notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceedings for the redemption of the Prior Notes.

28. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

29. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and, after a 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.

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, 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 awarding the sale of the Hospital Revenue Notes (Rice Care Center Project) of said City.

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
City Clerk

**EXHIBIT A**  
**FORM OF NOTE**

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
KANDIYOHI COUNTY  
CITY OF WILLMAR

R-1

\$ \_\_\_\_\_

HOSPITAL REVENUE NOTE, SERIES 2013\_  
(RICE CARE CENTER PROJECT)

Maturity                      Date of Original  
DATE                              ISSUE

\_\_\_\_\_, 2013

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Willmar, Kandiyohi County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the January 1 in the years and in installment amounts as follows:

<u>Date</u>	<u>Installment</u>	<u>Date</u>	<u>Installment</u>
2015		2026	
2016		2027	
2017		2028	
2018		2029	
2019		2030	
2020		2031	
2021		2032	
2022		2033	
2023		2034	
2024		2035	
2025			

with interest thereon quarterly on January 1, April 1, July 1, and October 1 of each year (each, an "Interest Payment Date"), commencing April 1, 2014, at the rate per annum specified below

(calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Note will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof.

Registered Owner. The principal of and interest on this Note will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Note is registered (the "Holder" or "Noteholder") on the registration books of the Issuer maintained by the City Finance Director (the "Note Registrar") and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Note Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to the Holder not less than 10 days prior to the Special Record Date. The principal of and premium, if any, and interest on this Note are payable in lawful money of the United States of America.

Interest. Commencing on the date of this Note and continuing until April 1, 20\_\_ (the "First Adjustment Date") interest shall accrue on the outstanding principal balance at the initial rate of \_\_\_\_% per annum (the "Initial Rate"). On the First Adjustment Date, and on each \_\_\_\_ year anniversary thereafter (each an "Adjustment Date") the Maturity Date, the interest rate on this Note will be adjusted to a rate per annum equal to the sum of 300 basis points plus the then current rate of the Treasury Constant Maturities for \_\_\_\_-year obligations as reported by the Federal Reserve for the preceding month (the "Adjusted Rate"); provided, however, that the rate on this Note will not exceed [15%] per annum nor be less 2.81% per annum. All such adjustments to the interest rate shall be made and become effective as of each Adjustment Date and the interest rate as adjusted shall remain in effect through and including the day immediately preceding the Adjustment Date or the Maturity Date, as applicable.

Redemption. This Note subject to redemption and prepayment at the option of the Issuer on any date at a price of par plus accrued interest plus a premium of \_\_\_\_% until January 1, 2016, \_\_\_\_% until January 1, 2017 and \_\_\_\_% until January 1, 2018. Redemption may be in whole or in part. If redemption is in part, the principal amounts to be redeemed shall be determined by the City and a pro rata portion of each Note, based on the outstanding principal amount of each Note, shall be prepaid. The Notes or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the Holder of this Note.

Issuance; Purpose. This Note is one of an issue in the total principal amount of \$\_\_\_\_\_, all of like date of original issue and tenor, except as to number and denomination, which Note has been issued pursuant to and in full conformity with the Constitution, laws of the State of Minnesota and the Charter of the Issuer and pursuant to a resolution adopted by the City Council on December 2, 2013 (the "Resolution"), for the purpose of providing money to finance the acquisition and betterment of the Rice Memorial Hospital, including (i) the renovation of the east wing of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "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; (ii) the renovation of the west wing of the 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; (iii) the renovation of the central corridor to include the main entrance, central nurse's station, community dining room and the main kitchen; and (iv) currently refunding the outstanding principal amount of the City of Willmar Hospital Revenue notes, Series 2011 (collectively, the "Project"). This Note is payable out of the Hospital Fund of the Issuer.

Denominations; Exchange; Resolution. The Notes are issuable solely as fully registered notes in denominations of \$100,000 and integral multiples thereof and are exchangeable for fully registered notes of other authorized denominations in an equal aggregate principal amount at the principal office of the Note Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Note Registrar. Copies of the Resolution are on file in the principal office of the Note Registrar.

Transfer. This Note is transferable by the Holder in person or by his, her or its attorney duly authorized in writing at the principal office of the Note Registrar upon presentation and surrender hereof to the Note Registrar, all subject to the terms and conditions provided in the Resolution. Thereupon the Issuer shall execute and the Note Registrar shall deliver, in exchange for this Note, one or more new fully registered Notes in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination or denominations, in an aggregate principal amount equal to the outstanding principal amount of this Note, of the same maturity and bearing interest as set forth herein.

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

Treatment of Registered Owners. The Issuer and Note Registrar may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided (except as provided with respect to the Record Date) and for all other purposes, whether or not this Note shall be overdue, and neither the Issuer nor the Note Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligations. The Notes of this issue have been designated by the Issuer 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 \$10,000,000 limit allowed by the Code for the calendar year 2013.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota and the Charter of the Issuer to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Notes that it

will impose and collect charges for the service, use and availability of its municipal hospital facility at the times and in amounts necessary to produce Net Revenues (as defined in the resolution authorizing the Notes, hereinafter the "Resolution") adequate to pay all principal and interest when due on the Notes and all Parity Debt (as defined in the Resolution); and that this Note, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, statutory or Charter limitation of indebtedness.

IN WITNESS WHEREOF, the City of Willmar, Kandiyohi County, Minnesota, by its City Council has caused this Note to be executed on its behalf by its Mayor and its City Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

CITY OF WILLMAR, MINNESOTA

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Mayor

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Clerk

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the note register of the City Finance Director, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
_____, 2013	_____ _____ _____ Federal ID # _____	_____

NOTICE OF PUBLIC HEARING ON ORDINANCE NO. \_\_\_\_\_

NOTICE IS HEREBY GIVEN by the City Council of the City of Willmar that the City Council will conduct a public hearing on and consider adoption of Ordinance No. \_\_\_\_\_ at the Council Chambers in the Municipal Utilities Building, Willmar, Minnesota, at 7:04 o'clock P.M. on the 2nd day of December, 2013. Said proposed Ordinance is as follows:

ORDINANCE NO. \_\_\_\_\_

An Ordinance Authorizing the Issuance of Hospital Revenue Notes.

The City of Willmar hereby ordains:

1. The City of Willmar has heretofore determined to defray the cost of (i) the acquisition, construction and equipping of approximately 7 additional short-stay rooms attached to the 23 existing short-stay resident rooms of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "Care Center"), additional therapy space, a loading/receiving area, maintenance shop, and storage; and (ii) the acquisition, construction and equipping of tenant improvements to the existing Rice Home Medical store in Alexandria to provide a "Women's Health" store and the expansion of clinical space, repair room, and showroom (collectively, the "Project").
2. This Ordinance is adopted in order to authorize the borrowing of money and the issuance of one or more Hospital Revenue Notes in one or more series in an approximate aggregate principal amount not to exceed \$2,800,000 as provided in Section 2.12 of the City Charter. Further details shall be set forth by resolution.

This Ordinance shall be effective from and after its adoption and second publication.

This Ordinance Introduced by Council Member: Anderson

This Ordinance introduced on: November 18, 2013

This Ordinance published on: November 22, 2013

This Ordinance given a hearing on: \_\_\_\_\_

This Ordinance adopted on: \_\_\_\_\_

This Ordinance published on: \_\_\_\_\_

EXTRACT OF MINUTES OF MEETING OF THE  
CITY COUNCIL OF THE CITY OF  
WILLMAR, MINNESOTA

HELD: December 2, 2013

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Willmar, Kandiyohi County, Minnesota, was duly held at the Municipal Utilities Building in said City on Monday, the 2nd day of December, 2013, at 7:00 o'clock P.M. for the purpose in part of authorizing the issuance of Hospital Revenue Notes (Rice Care Center Project) of said City.

The following members were present:

and the following were absent:

Member \_\_\_\_\_ introduced the following resolution and moved its adoption:

RESOLUTION ACCEPTING OFFER ON SALE OF  
HOSPITAL REVENUE NOTES  
(RICE HOME MEDICAL AND CARE CENTER PROJECT)  
AND PROVIDING FOR THEIR ISSUANCE

A. WHEREAS, the City of Willmar, Minnesota (the "City"), through the Rice Memorial Hospital Board (the "Board") owns and operates the Rice Memorial Hospital as a revenue producing public facility (the "Hospital" or "Hospital Facilities") and the following bonds are outstanding which constitute first and prior liens upon the Net Revenues (as hereinafter defined) of the Hospital Facilities: (1) the City's General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) dated February 28, 2012 (the "Series 2012 Bonds") and (2) Hospital Revenue Notes, Series 2013 (Rice Care Center Project) (the "Series 2013 Notes"); and

B. WHEREAS, in addition, the Board has entered into a guaranty agreement dated as of May 11, 1994 (the "Guaranty") in favor of Wells Fargo Bank, National Association (the "Bank") pursuant to which the Board guaranteed the obligations of Shared Health Resources under that certain Construction and Term Loan Agreement dated May 11, 1994; and

C. WHEREAS, the Board and the Bank subsequently modified the Guaranty to provide that payment of obligations under the Guaranty is subordinate to payment of the Parity Debt (as defined below); and

D. WHEREAS, the Board owns 100% of the membership interests in Rice Home Medical, LLC which has entered into an Installment or Single Payment Note (Breakfunding Indemnity) dated as of July 27, 2007 which is payable from the revenues of Rice Home Medical, LLC and secured by a mortgage on real property owned by Rice Home Medical, LLC and therefore is not deemed to be Parity Debt;

E. WHEREAS, the Board has also entered into the following obligations payable from the Net Revenues of the Hospital Facilities and which are not issued on a parity of lien with the Parity Bonds but which have a second and subordinate lien on the Net Revenues: (1) the Note dated January 1, 2004 to Rice Health Foundation and (2) the Promissory Note and Security Agreement dated April 24, 2009 to North American State Bank (collectively, and together with the Guaranty, the "Subordinate Debt"); and

F. WHEREAS, on November 18, 2013, the City Council adopted a resolution calling a public hearing on an Ordinance entitled "Ordinance Authorizing the Issuance of Hospital Revenue Notes (Rice Home Medical and Care Center Project)"; and

G. WHEREAS, a public hearing on the adoption of the Ordinance was held on this same date, and following the public hearing, the City Council adopted the Ordinance; and

H. WHEREAS, the City Council has heretofore determined and declared that it is necessary and expedient to issue its hospital revenue notes pursuant to Minnesota Statutes, Chapter 475 and Sections 447.45 to 447.50, to provide funds for the renovation of the Care Center (as defined below) and improvements to the existing Rice Home Medical store in Alexandria; and

I. WHEREAS, the City has determined that its Hospital Revenue Notes (Rice Home Medical and Care Center Project) (collectively, the "Notes" or individually, each a "Note") shall be sold by private negotiation and the City has retained Springsted Incorporated, an independent financial consultant; therefore, the City is authorized to negotiate the sale of the Notes without compliance with the public sale requirements of Chapter 475; and

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

1. Findings. It is hereby found, determined and declared that:

(a) The Project. It is advisable, expedient and necessary to issue hospital revenue notes, in one or more series, to provide money in the amount not to exceed \$2,800,000 to funds to defray the costs of (i) the acquisition, construction and equipping of approximately 7 additional short-stay rooms attached to the 23 existing short-stay resident rooms of the long term care facility known as the Rice Care Center located at 1801 Willmar Ave. SW. in the City (the "Care Center"), additional therapy space, a loading/receiving area, maintenance shop, and storage; and (ii) the acquisition, construction and equipping of tenant improvements to the existing Rice Home Medical store in Alexandria to provide a "Women's Health" store and the expansion of clinical space, repair room, and showroom (collectively, the "Project").

(b) Prior Outstanding Obligations. Except for the Series 2012 Bonds, the Series 2013 Notes and the Subordinate Debt, neither the City nor the Board has any outstanding bonds, warrants, certificates, or other obligations or evidences of indebtedness, or money borrowed for or on account of said Hospital or indebtedness for which any of the Net Revenues of all or a part of the Hospital has been appropriated or pledged.

(c) Parity Debt Test. All of the payments required to be made into the various funds and accounts provided for in the resolutions authorizing the issuance of the Parity Debt have been made. Prior to the issuance of the Notes the Pricing Committee (as defined below) shall determine, on behalf of the City that the Net Revenues of the Hospital for each of the two most recent completed Fiscal Years is at least 1.25 times the amount of the maximum annual Principal and Interest Requirements of all Parity Debt, including the debt service on the Notes, and excluding the Subordinate Debt, and that therefore the City is authorized to issue the Notes secured by the Net Revenues of the Hospital on a parity of lien with the Parity Debt.

2. Sufficiency of Net Revenues. The estimated Net Revenues to be derived from the operation of the Hospital Facilities during the term of the Notes are projected to be more than sufficient to produce Net Revenues after current costs of operation and maintenance adequate to pay principal and interest when due on the Notes authorized herein, the Parity Debt and the Subordinate Debt and to maintain reasonable reserves therefor.

3. Delegation of Acceptance of Offer. The Pricing Committee described in paragraph 4 below is hereby authorized to negotiate with a consortium of Willmar community banks including Concorde Bank, Lake Region Bank, Heritage Bank, Home State Bank, Bremer Bank N. A. and North American State Bank (collectively the "Purchasers") to purchase the Notes, in accordance with the terms of the Summary of Proposed Terms and Conditions, a copy of which is on file with the City Clerk.

4. Terms of Notes.

(a) Title; Original Issue Date; Denominations. The Notes shall be titled "Hospital Revenue Notes (Rice Home Medical and Care Center Project)", shall be dated as of their date of issuance, and shall be issued as fully registered notes. The Notes shall be numbered R-1 and upward in the denomination of \$100,000 or in any integral multiple thereof of a single maturity.

(b) Delegation to Pricing Committee. The City Council hereby delegates to the Administrator and Finance Director of the City and the Chief Executive Officer and Chief Financial Officer of the Hospital (the "Pricing Committee") the power to determine, by negotiation with the Purchasers, the original principal amounts of the Notes to be issued to finance the Project, the interest rate(s) on the Notes, including any adjustment rates, payment schedule for the Notes, the amount and source of the reserve fund deposit, and any prepayment option, provided that the final payment date for the Notes shall not be later than December 1, 2035, the net effective interest rate for the Notes shall not exceed 6.50%, and the principal amount of the Notes shall not exceed \$2,800,000.

5. Purpose. The Notes shall provide funds for the Project. The total cost of the Project, which shall include all costs enumerated in Minnesota Statutes, Section 475.65, is estimated to be at least equal to the amount of the Notes. Work on the Project shall proceed with due diligence to completion. The City covenants that it shall do all things and perform all acts

required of it to assure that work on the Project proceeds with due diligence to completion and that any and all permits and studies required under law for the Project are obtained.

6. Interest. The Notes shall bear interest on the dates determined by the Pricing Committee, calculated on the basis of a 360-day year of twelve 30-day months, at the respective rates per annum determined by the Pricing Committee and set forth in the Notes as executed and delivered.

7. Optional Redemption. The Notes shall be subject to redemption and prepayment at the option of the City on such date as determined by the Pricing Committee. Redemption may be in whole or in part. If redemption is in part, the principal amounts to be redeemed shall be determined by the City and a pro rata portion of each Note, based on the outstanding principal amount of each Note, shall be prepaid. The Notes or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the registered holders of the Notes.

8. Note Registrar. The City Finance Director is appointed to act as note registrar and transfer agent with respect to the Notes (the "Note Registrar"), and shall do so unless and until a successor Note Registrar is duly appointed, all pursuant to any contract the City and Note Registrar shall execute which is consistent herewith. The Note Registrar shall also serve as paying agent unless and until a successor-paying agent is duly appointed. Principal and interest on the Notes shall be paid to the registered holders (or record holders) of the Notes in the manner set forth in the form of the Notes and paragraph [13] of this resolution.

9. Form of Notes. The Notes to be issued hereunder, together with the registration information thereon, shall be in substantially the form attached hereto as Exhibit A.

10. Execution; Temporary Notes. The Notes shall be executed on behalf of the City by the signatures of its Mayor and City Clerk and be sealed with the seal of the City; provided, however, that the seal of the City may be a printed facsimile; and provided further that the corporate seal may be omitted on the Notes as permitted by law. In the event of disability or resignation or other absence of either such officer, the Notes may be signed by the officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Notes shall cease to be such officer before the delivery of the Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained in office until delivery. The City may elect to deliver, in lieu of printed definitive notes, one or more typewritten temporary notes in substantially the form set forth above. The temporary notes may be executed with photocopied facsimile signatures of the Mayor and Clerk. Such temporary notes shall, upon the printing of the definitive notes and the execution thereof, be exchanged therefor and cancelled.

11. Registration; Transfer; Exchange. The City will cause to be kept at the principal office of the Note Registrar a note register in which, subject to such reasonable regulations as the Notes Registrar may prescribe, the Note Registrar shall provide for the registration of the Notes and the registration of transfers of the Notes entitled to be registered or transferred as herein provided.

Upon surrender for transfer of any Note at the principal office of the Note Registrar, the City shall execute (if necessary), and the Note Registrar shall insert the date of registration (as provided in paragraph 7) and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denomination or denominations of a like aggregate principal amount, having the same stated maturity and interest rate, as requested by the transferor; provided, however, that no Note may be registered in blank or in the name of "bearer" or similar designation.

At the option of the holders thereof, the Notes may be exchanged for new Notes of any authorized denomination or denominations of a like aggregate principal amount and stated maturity, upon surrender of the Notes to be exchanged at the principal office of the Note Registrar. Whenever any Notes are so surrendered for exchange, the City shall execute (if necessary), and deliver the Notes which the holder making the exchange is entitled to receive.

Any Notes surrendered upon any exchange or transfer provided for in this resolution shall be promptly cancelled by the Note Registrar and thereafter disposed of as directed by the City.

All Notes delivered in exchange for or upon transfer of Notes shall be valid special obligations of the City evidencing the same debt, and entitled to the same benefits under this resolution, as the Notes surrendered for such exchange or transfer.

Any Note presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, in form satisfactory to the Note Registrar, duly executed by the holder thereof or his attorney duly authorized in writing.

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

12. Rights Upon Transfer or Exchange. Any Note delivered upon transfer of or in exchange for or in lieu of any other Note shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such Note.

13. Interest Payment; Record Date. Interest on any Note shall be paid on each interest payment date by check or draft mailed to the person in whose name such Note is registered (the "Holder") on the registration books of the City maintained by the Note Registrar and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any such interest not so timely paid shall cease to be payable to the person who is the Holder thereof as of the Regular Record Date, and shall be payable to the person who is the Holder thereof at the close of business on a date (the "Special Record Date") fixed by the Note Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given by the Note Registrar to the Holders not less than 10 days prior to the Special Record Date.

14. Treatment of Registered Owner. The City and Note Registrar may treat the person in whose name the Note is registered as the owner of the Note for the purpose of

receiving payment of principal of and premium, if any, and interest (subject to the payment provisions in paragraph 13 above) on, such Note and for all other purposes whatsoever whether or not such Note shall be overdue, and neither the City nor the Note Registrar shall be affected by notice to the contrary.

15. Delivery; Application of Proceeds. The Notes when so prepared and executed shall be delivered by the City Finance Director to the Purchasers upon receipt of the purchase price, and the Purchasers shall not be obliged to see to the proper application thereof.

16. Definitions. For purposes of this Resolution the following capitalized items not otherwise defined herein shall have the following meanings:

Additional Bonds: any additional bonds made payable from Net Revenues and issued subsequent to the issuance of the Notes in accordance with Sections 20.5 and 20.6 hereof;

Additional Indebtedness: any Indebtedness incurred or assumed by the City or the Board and payable from Net Revenues, subsequent to the issuance of the Notes;

Additional Long-Term Indebtedness: all Additional Indebtedness incurred or assumed by the City or the Board payable more than one year from the date of creation thereof, including Indebtedness whenever payable if renewable pursuant to the terms thereof or a revolving loan agreement to a date more than one year after the date of creation of such Indebtedness and including lease rental obligations payable more than one year from the date of creation thereof which under GAAP are shown on the balance sheet as a liability;

Board: the Rice Memorial Hospital Board organized under the Charter of the City, its successor and assigns;

Contributions: the aggregate amount of all contributions, grants, gifts, bequests and devises actually received by the Hospital in the form of cash or marketable securities which are not restricted in any way which would prevent their application to the payment of debt service;

Debt Service Coverage Ratio: for a Fiscal Year, the ratio of Net Revenues to the Total Principal and Interest Requirements in such Fiscal Year determined in accordance with GAAP consistently applied;

Fiscal Year: the calendar year or any other twelve-month period specified by the Board as the fiscal year of the Hospital;

General Obligation Bonds: the General Obligation Hospital Revenue Refunding Bonds, Series 2012A (Rice Memorial Hospital Project) and any other general obligation bonds of the City made payable from Net Revenues and secured by a pledge of the full faith and credit of the City;

GAAP: generally accepted accounting principles;

Guaranty: the Guaranty, dated May 11, 1994, executed by Rice Memorial Hospital in favor of Norwest Bank Minnesota Central, National Association (now known as Wells Fargo

Bank, National Association) pursuant to which the Board guaranteed the obligations of Shared Health Resources under that certain Construction and Term Loan Agreement dated May 11, 1994;

Hospital or Hospital Facilities: all buildings, structures, improvements, equipment facilities and land under the jurisdiction of the Board, collectively designated as the Rice Memorial Hospital under the Charter of the City;

Hospital Assets: the Hospital and any other properties constituting capital assets subject to the jurisdiction of the Board;

Indebtedness: the Notes, the Parity Debt, the Subordinate Debt, the Guaranty, any Additional Bonds and all other obligations appearing as liabilities on the balance sheet of the Hospital for the payment of moneys incurred or assumed by the Board, all as determined in accordance with GAAP, except that such Indebtedness shall not include:

(a) Indebtedness incurred in the ordinary course of business for other than borrowed money (including without limitation accounts payable, accrued expenses, social security and unemployment insurance liabilities);

(b) any continuing obligation to pay principal of and interest on Indebtedness for which there has been established an escrow or similar fund or account, satisfactory to the Holder of such Indebtedness (or a trustee or agent acting on behalf of such Holder), for the payment in full of such Indebtedness when due and for which such Holder (or such trustee or agent) has exclusive recourse; and

(c) any crossover refunding Indebtedness prior to the earliest crossover date provided that (i) no principal is scheduled to become due on such Indebtedness on or before said crossover date; and (ii) sufficient funds are deposited in escrow to pay interest to become due on such Indebtedness on or before said crossover date.

Independent Accountant: a certified public accountant or firm of certified public accountants registered and qualified to practice as such under the laws of the State of Minnesota and not regularly employed by the Board or otherwise by the City except to perform independent audits of the books and records or to make other similar periodic reviews;

Independent Counsel: any attorney duly admitted to practice law before the highest court of any state, who may be counsel to the Board or to the City; and any opinion of Independent Counsel shall be a written opinion signed by such Counsel;

Independent Management Consultant: any Person qualified to study operations of hospitals who, in the judgment of the Board has a favorable national reputation for skill and experience in such work and who is not an employee or officer of the Board or of the City and is selected and appointed by the Board;

Lease: the Lease, dated July 1, 2009 by and between Shared Health Resources and Rice Memorial Hospital and any amendment thereto which does not convert the Lease into a financing lease;

Long-Term Indebtedness: Indebtedness which is not Short-Term Indebtedness;

Net Proceeds: with respect to any insurance payment or Condemnation award, the gross proceeds remaining therefrom after payment to the City of all costs reasonably incurred by it in connection with any condemnation proceedings or the collection of insurance, including, but not limited to attorney's fees and expert witness fees;

Net Revenues: all Revenues minus Operating Expenses;

Operating Expenses: the reasonable and necessary costs of administering, operating and maintaining the Hospital, including rentals paid under the Lease, but excluding (i) non-recurring or extraordinary losses, (ii) depreciation, (iii) unrealized losses arising from the periodic valuation of investments, (iv) amortization, (v) interest expenses, all determined in accordance with GAAP.

Parity Debt: the Series 2012 Bonds (unless, until and to the extent that the City Council subordinates the Series 2012 Bonds to the payment of debt service on the other Parity Debt as provided in Section 20.5 of this Resolution), the Series 2013 Notes, the Notes and any Additional Long-Term Indebtedness or Additional Bonds secured by a pledge of Net Revenues on a parity of lien with the lien on Net Revenue securing all other Parity Debt as and to the extent as provided in Sections 20.5, 20.6, 20.7 or 20.8 of this Resolution;

Permitted Encumbrances: as of any particular time, (i) liens for special assessments not then delinquent, (ii) security interests securing Additional Long-Term Indebtedness permitted under Section 20.8 of this Resolution, (iii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent Engineer certifies will not interfere with or impair the use of or operations being conducted in the Hospital, (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Hospital and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the use of or operations being conducted in the Hospital, (v) encumbrances permitted by any provision of this Resolution;

Person: any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government, or any agency or political subdivision thereof;

Principal and Interest Requirements of Long-Term Parity Indebtedness: with respect to Long-Term Indebtedness issued as Parity Debt for any Fiscal Year, the sum of the amount required to (i) pay the principal and interest scheduled to become due on any loans consisting of Long-Term Indebtedness during such Fiscal Year, and (ii) make the payments or rentals scheduled to become due under any installment purchase contract, lease purchase agreement, lease or similar financing agreement consisting of such Additional Long-Term Indebtedness during such Fiscal Year;

Revenue Bonds: the Notes and any Additional Bonds hereafter issued as Parity Debt which are not issued as General Obligation Bonds;

Revenues: for any period the sum of (a) all operating and non-operating revenues, including Contributions and gross patient service revenues less contractual allowances and provisions for free care and discounted care if such amounts are initially includible as operating revenues, (b) other operating revenues, and (c) other non-operating revenues, all as determined in accordance with GAAP; provided that any such "Revenues" shall not take into account any extraordinary or non-recurring items;

Reserve Requirement: the maximum principal and interest to become due on the Parity Debt, the Notes or any Additional Bonds in any Fiscal Year;

Subordinate Debt: the Guaranty, the Note dated January 1, 2004 to Rice Health Foundation, the Promissory Note and Security Agreement dated April 24, 2009 to North American State Bank and any other Long Term Indebtedness hereinafter issued by the City or Board and secured by a pledge of Net Revenues subordinate to the pledge to the Parity Debt;

Short-Term Indebtedness: Indebtedness having an original maturity less than or equal to one year, and not renewable or extendible at the option of the obligor thereon for a term greater than one year beyond the date of original issuance and Indebtedness which has no set maturity date and is payable on demand; and

Total Principal and Interest Requirements: for any Fiscal Year, the amount required to pay principal and interest scheduled to become due on the Parity Debt, the Subordinate Debt, the Indebtedness guaranteed by the Guaranty, any Additional Bonds and any Additional Long Term Indebtedness.

17. Funds and Accounts. For the convenience and proper administration of the proceeds derived from the sale of the Notes and for the payment of principal of and interest on the Notes, the Hospital Fund (the "Hospital Fund") heretofore established shall continue to be in effect, subject to the following accounts hereby established:

(i) Construction Account. A Construction Account to be held by the Board, to which there shall be credited the proceeds of the sale of the Notes less any accrued interest paid by the Purchasers upon delivery of the Notes, and less the Note proceeds deposited in the Revenue Bond Reserve Account under paragraph (vi) below. From the Construction Account there shall be paid all costs of the Project and the issuance of the Notes. Any balance remaining in the Construction Account after the payment of the costs of the Project and the costs of issuance of the Notes shall be transferred to the Revenue Bond Debt Service Account herein established.

(ii) Operation and Maintenance Account. An Operation and Maintenance Account, to be held by the Board, as a separate account within the Hospital Fund, to which shall be deposited all Revenues (except earnings on the General Obligation Bond Reserve Account and Revenue Bond Reserve Account), and from which shall be paid all Operating Expenses.

(iii) General Obligation Bond Debt Service Account. A General Obligation Bond Debt Service Account, to be held by the City. The City shall deposit in the General Obligation Debt Service Account:

(A) On the 15th day of each month, from Net Revenues, an amount equal to 1/12th of the total principal due on the General Obligation Bonds during the ensuing 12 months and a sum equal to 1/6th of the total amount of interest to become due on the General Obligation Bonds within the next 6 months; provided, however, that no further payments need be made by the City to said account when the moneys held therein and in the General Obligation Bond Revenue Account are sufficient for the payment of all principal of any General Obligation Bonds and the interest thereon to their respective maturity dates or their redemption dates for which irrevocable notice of call has been given; and provided further that earnings and any other sums (except Net Revenues) held herein may be credited against the payments otherwise required to be made under this clause (A);

(B) All taxes which may hereafter be levied and collected by the City for payment of principal and interest on any General Obligation Bonds; and

(C) Any other sums on hand which the City may from time to time irrevocably pledge and appropriate for the payment of the General Obligation Bonds and any interest thereon.

If the date payment is due under clause (A) above is not a business day, such payment shall be due on the next succeeding business day. The General Obligation Bond Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the General Obligation Bonds and any other bonds hereafter issued by the City and made payable from said account as provided by law, and to pay any rebate due to the United States.

(iv) Revenue Bond Debt Service Account. The Revenue Bond Debt Service Account to be held by the City and maintained as a separate account within the Hospital Fund. There shall be deposited in the Revenue Bond Debt Service Account, from Net Revenues, on the 15th day of each and every month, an amount equal to not less than 1/6 of the interest to become due within the next six months on the Revenue Bonds payable semiannually, plus an amount equal to not less than 1/3 of the interest to become due within the next three months on the Revenue Bonds payable quarterly and 1/12 of the principal to become due on the Revenue Bonds within the next 12 months; provided any payments may be deferred until the first day of the month following the issuance of the Revenue Bonds, and provided further, that the accrued interest and unused discount deposited in the Revenue Bond Debt Service Account may be credited against the initial monthly payment required by this provision. When the amounts on hand in the Revenue Bond Debt Service Account and the Revenue Bond Reserve

Account, hereinafter described, are sufficient for the payment of the Revenue Bonds and any Additional Bonds hereafter issued and made payable from such accounts and the interest thereon to their respective maturity dates or their redemption dates for which irrevocable notice of call has been given, then no further deposits need be made to the Revenue Bond Debt Service Account. The Revenue Bond Debt Service Account shall be used only to pay interest and principal due on the Revenue Bonds and any other bonds hereinafter issued and made payable from such account.

(v) General Obligation Bond Reserve Account. A General Obligation Reserve Account to be held by the City. Moneys in the General Obligation Bond Revenue Account shall be used only when and if moneys in the General Obligation Bond Debt Service Account or other moneys available therefor are insufficient to pay principal and interest on the General Obligation Bonds; provided, however, that the moneys in the General Obligation Bond Reserve Account may be used to prepay the General Obligation Bonds, when such moneys, together with other moneys available for such purpose, will retire all of the General Obligation Bonds then outstanding. Earnings on sums held in the General Obligation Bond Reserve Account shall be retained therein, provided any balance in the General Obligation Bond Reserve Account in excess of the Reserve Requirement may be transferred to the General Obligation Bond Debt Service Account and credited against the next payment or payments due. In no event shall sums in the General Obligation Bond Reserve Account be used to fund the General Obligation Bond Debt Service Account so long as there are sufficient Net Revenues therefor.

(vi) Revenue Bond Reserve Account. A Revenue Bond Reserve Account to be held by the City and to be used only when and if moneys in the Revenue Bond Debt Service Account or other moneys available therefor are insufficient to pay principal and interest on the Revenue Bonds; provided, however, that the moneys in the Revenue Bond Reserve Account may be used to prepay the Revenue Bonds when such moneys, together with other moneys available for such purpose, will retire all of the Revenue Bonds. Proceeds of the Notes and Net Revenues of the Hospital in an amount to be determined by the Pricing Committee shall be deposited in the Revenue Bond Reserve Account at Bond Closing. Earnings on sums held in the Revenue Bond Reserve Account shall be retained therein, provided that any balance in the Revenue Bond Reserve Account in excess of said Reserve Requirement shall be transferred to the Revenue Bond Debt Service Account and credited against the next payments required to be made thereto. In no event may sums in the Revenue Bond Reserve Account be used to fund the Revenue Bond Debt Service Account so long as there are sufficient Net Revenues therefor.

(vii) Parity Accounts. One or more debt service and reserve accounts to be held by the City as separate accounts within the Hospital Fund to pay, or secure payment of any other Parity Debt, and interest thereon, not payable from or secured by any of the foregoing accounts.

(viii) Surplus Net Revenues Account. A Surplus Net Revenues Account to be held by the Board and maintained as a separate account within the Hospital Fund, to which account shall be credited on the first of each and every month all Net Revenues in excess of the amounts then required to be deposited in the foregoing accounts. Sums in the Surplus Net Revenue Account may be used for any proper corporate purpose, including any payments due on any Subordinate Indebtedness and the payment of principal, interest and premium on any Indebtedness not payable from any of the forgoing accounts; provided that if the next received Net Revenues are insufficient to satisfy any of the monthly requirements for any of the forgoing accounts, any sums in the Surplus Net Revenues Account shall be promptly applied to cure the deficiency.

No portion of the proceeds of the Notes shall be used directly or indirectly to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except (1) for a reasonable temporary period until such proceeds are needed for the purpose for which the Notes were issued, (2) as part of a reasonably required and replacement fund not in excess of 10% of the proceeds of the Notes, and (3) in addition to the above in an amount not greater than the lesser of 5% of the proceeds of the Notes or \$100,000. To this effect, any proceeds of the Notes and any sums from time to time held in the Construction Account, Revenue Bond Debt Service Account or Revenue Bond Reserve Account (or any other City account which will be used to pay principal or interest to become due on the bonds payable therefrom) (the "Accounts") in excess of amounts which under the applicable federal arbitrage regulations may be invested without regard to yield shall not be invested at a yield in excess of the applicable yield restrictions imposed by said arbitrage regulations on such investments after taking into account any applicable "temporary periods" or "minor portion" made available under the federal arbitrage regulations. Money in the Accounts shall not be invested in obligations or deposits issued by, guaranteed by or insured by the United States or any agency or instrumentality thereof if and to the extent that such investment would cause the Notes to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

18. Sufficiency of Net Revenues. It is hereby found, determined and declared that the Net Revenues are estimated to be sufficient in amount to pay when due the principal of and interest scheduled to become due on all Indebtedness, and the Net Revenues are hereby pledged to the various accounts held in the Hospital Fund, and to the payment of the Notes and the Parity Debt shall be applied for that purpose, to the extent and in the manner herein required to assure payment of the principal and interest requirements of the Notes as the same become due. Nothing contained herein shall be deemed to preclude the City or the Board from making further pledges and appropriations of the Net Revenues for the payment of other or additional obligations as permitted under Sections 20.5, 20.6, 20.7 and 20.8 hereof, provided that it has first been determined by the Board or, in the case of Additional Bonds, the City, that the estimated Net Revenues will be sufficient in addition to all other payment sources, for the payment of all Indebtedness, and such Additional Indebtedness or Additional Bonds, and any such pledge and appropriation of the Net Revenues may, if permitted under Sections 20.5, 20.6, 20.7 and 20.8 hereof, be made superior or subordinate to, or on a parity with, the pledge and appropriation of Net Revenues herein made.

19. Priority of Application of Net Revenues. In the event the available Net Revenues (including sums in the Surplus Net Revenues Account) are insufficient to make all the required deposits into the accounts set forth in paragraph 17 clauses (iii) through (vii) hereof, the Net Revenues shall be deposited in the following order of priority:

First: Pro rata between the General Obligation Bond Debt Service Account, Revenue Bond Debt Service Account and any other debt service account or accounts from which any other Parity Debt is payable, based on the respective amounts then required to be deposited in said accounts;

Second: Pro rata to the General Obligation Bond Reserve Account, the Revenue Bond Reserve Account and any other debt service reserve account established to secure payment of debt service on any other Parity Debt, based on the respective deficiencies in said reserve accounts;

20. Additional Covenants. For the protection of the holders of the Notes herein authorized, the Parity Debt and any Additional Bonds from time to time outstanding, the City herein covenants and agrees to and with the holders thereof from time to time as follows:

20.1 Payment of Principal and Interest. The City covenants that it will promptly pay or cause to be paid the principal of, and premium, if any, and interest on all Indebtedness at the place, on the dates and in the manner provided herein and in said instrument of Indebtedness, according to the terms thereof. The principal and interest are payable from certain Net Revenues which are hereby specifically assigned and pledged to the payment thereof for the benefit of the Bondholders in the manner and to the extent herein specified, provided that the full faith and credit and taxing powers of the City are further irrevocably pledged for the prompt and full payment of said principal, interest and redemption premium, if any, on the General Obligation Bonds.

20.2 Performance of and Authority for Covenants. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Resolution, in the Notes executed and delivered hereunder and in all proceedings of the City Council and the Board; that it is duly authorized under the Constitution, laws of the State of Minnesota and the City Charter, including particularly and without limitation the Act, to issue the Notes authorized hereby to adopt this Resolution, to assign and pledge the Net Revenues of the Hospital in the manner and to the extent herein set forth and to bind the Board with respect to all covenants, undertakings, stipulations and provisions contained in this Resolution; that all actions on the part of the City for the issuance of the Notes and the adoption of this Resolution has been duly and effectively taken; and that the Notes in the hands of the Holder thereof are and will be valid and enforceable obligations of the City according to the terms thereof.

20.3 Operation and Maintenance of Hospital. The City shall at all times operate or cause to be properly operated the Hospital as a revenue producing facility and in an efficient and economical manner, consistent with good business and operating practices; and the City shall cause the Hospital to be maintained, preserved and kept in

good repair, making repairs, replacements and renewals thereof as, in the judgment of the Board, are necessary.

#### 20.4 Rates and Charges.

(1) Subject to applicable law, the City covenants and agrees to charge fees and rates for the Hospital Facilities and services and to exercise such skill and diligence as to provide Revenues from the Hospital, together with other available funds, sufficient to pay promptly its Total Principal and Interest Requirements and expenses of operation, maintenance and repair of the Hospital. To the extent permitted by law, the City further agrees to revise the rates, fees and charges as may be necessary or proper to comply with the provisions of this Section.

(2) If in any Fiscal Year Net Revenues are less than 110% of the Total Principal and Interest Requirements during such Fiscal Year, then the City may require the Board to retain an Independent Management Consultant to make recommendations with respect to such rates, fees and charges and other matters relating to or affecting said Net Revenues; provided that the Board shall not be required to employ an Independent Management Consultant pursuant to this Section more often than once every three (3) years. The recommendations of the Independent Management Consultant shall be presented by the Independent Management Consultant in writing to the Board and City Council, and the Board agrees that it shall accept and follow the recommendations of the Independent Management Consultant, to the maximum feasible extent, except as the Board shall specifically determine by resolution duly adopted (and not overruled by the City Council) not to accept and follow the recommendations of the Independent Management Consultant.

(3) The City recognizes that while the Notes are outstanding (i) the method or methods by which hospitals are paid for services may continue to change from time to time (e.g., third-party reimbursements or payments, required or accepted methods for structuring fees, rentals, rates and other charges, private and governmental insurance programs, federal and state regulatory laws and regulations) and (ii) other developments which are not now foreseeable may occur and substantially affect the financing and delivery of health care services. The Independent Management Consultant retained by the Board under this Section may recommend (with respect to the fees, rentals, rates or other charges and with respect to improvements or changes in the operations of or the services rendered by the Board) that either (i) no changes be made, or (ii) some change be made, even though such recommendation is not calculated to result in compliance with applicable provisions of this Resolution unless such provisions are amended, but such a recommendation may only be made if the Independent Management Consultant includes in his written report and recommendations a statement that, in his opinion, compliance with such recommendations will result in compliance with the provisions of this Section to the maximum extent feasible. If, by the terms of this Section, the Board is bound to follow such recommendations, then

the City shall amend this Resolution to bring its provisions into conformity with such recommendations; provided that nothing herein shall be construed to excuse the City from (a) the payment in timely manner of all the payments required by this Resolution as the same become due and payable, and (b) the requirement under this Section to employ an Independent Management Consultant.

#### 20.5 Additional Parity Debt.

(1) The Notes issued hereunder, together with the Parity Debt, shall be secured by a first charge and lien upon the Net Revenues of the Hospital on a parity of lien as provided in Sections 17 and 19 hereof. No Additional Bonds or Additional Long-Term Indebtedness shall be hereafter issued unless they are either (a) not secured by a lien on said Net Revenues (or any portion thereof), or (b) are secured by a lien on said Net Revenues made expressly subject and subordinate to the lien upon said Net Revenues securing all Parity Debt; provided however, that Additional Bonds or Additional Long-Term Indebtedness may be issued on a parity of lien with the Parity Debt as provided in Sections 17 and 19 hereof so long as either (a) the Board delivers to the City a report or opinion of an Independent Accountant certifying that the annual Net Revenues of the Hospital for each of the two completed Fiscal Years immediately preceding the issuance of such Additional Bonds or Additional Long-Term Indebtedness were at least 1.25 times the maximum annual Principal and Interest Requirements of all Parity Debt, including the Additional Long Term Indebtedness proposed to be issued, to become due in any Fiscal Year, or (b) a report or opinion of an Independent Management Consultant setting forth an estimate of the annual Net Revenues of the Hospital for each of the next two succeeding Fiscal Years following the completion of any improvements to be financed by the Additional Bonds or Additional Long Term Indebtedness and stating that on the basis of such estimate, the Net Revenues for such two Fiscal Years is projected to be not less than 1.25 times the maximum annual Principal and Interest Requirements of all Parity Debt, including the Additional Long Term Indebtedness proposed to be issued. Such facts in clause (a) or (b) above shall also be shown by the Certificate of the Chief Executive Officer of the Hospital and recited in the resolution of the City or the Board authorizing any such Additional Bonds or Additional Indebtedness.

(2) In addition to the requirements of (1) above, the following conditions shall be met for purposes of issuing Additional Bonds or Additional Indebtedness as Parity Debt:

(a) The payments required to be made (at the time of the issuance of such Parity Debt) into the various accounts provided for in the resolutions authorizing any Outstanding Parity Debt have been made.

(b) If the Parity Debt is Additional Bonds, the resolution authorizing such Additional Bonds provides for the pledge and payment into a reserve account for the Additional Bonds either: (i) on the date of issuance of the Additional Bonds, an amount equal to the Reserve

Requirement for such Parity Debt, or (ii) monthly commencing on the date of the issuance of the Additional Bonds, Net Revenues equal to at least 1/48th of the Reserve Requirement.

(c) The proceeds of such Parity Debt shall be used only for the purpose of financing or refinancing improvements, additions, extensions, renewals or replacements to the Hospital.

(3) If the interest rate on any Long-Term Indebtedness varies, for purposes of making the calculations required under this Section 20.5, such interest rate shall be assumed to be the rate in effect on the date of calculation until the conversion date, and from and after each conversion date until the next conversion date or maturity, whichever is sooner, the rate that would have been in effect if the conversion date had been the date of calculation. A conversion date is a date on which the interest rate is by operation of the loan documents converted to a rate based on different rate setting criteria.

(4) The City or the Board may issue or incur Additional Bonds or Additional Indebtedness as Parity Debt without complying with the requirements of (1) above, to repair, restore, rebuild all or a portion of the Hospital damaged, destroyed or condemned, provided that all available Net Proceeds received from the damage, destruction or condemnation of the Hospital are first utilized.

(5) For the purpose of determining the Net Revenues, the amount of the Revenues of the Hospital may be adjusted by an Independent Accountant so as to reflect any changes in the amount of such Revenues which would have resulted if any revision of the schedule of rates and charges imposed at least six months prior to the time of issuance of any Additional Long Term Indebtedness had been in effect.

20.6 Subordinate Lien Bonds and Indebtedness; Refunding Bonds. Except as authorized in Sections 20.5, 20.7 and 20.8 hereof, the City and Board covenant and agree that they will issue or incur no Indebtedness payable from the Net Revenues of all or a part of the Hospital or constituting in any manner a lien thereon, unless such obligations either (a) are not secured by any security interest or lien on Net Revenues (or any portion thereof) or (b) are secured by a lien on such Net Revenues which is expressly made subject and subordinate to the lien and charge of the Parity Debt on the Net Revenues, except that the Parity Debt, or any part thereof, may be refunded and the refunding indebtedness issued shall enjoy complete equality of lien with the portion of any Parity Debt not refunded, if there are any, provided that if only a portion of the outstanding Parity Debt shall be so refunded and if such Parity Debt shall be refunded in such manner that the annual principal and interest to become due on the refunding Parity Debt shall be greater than the annual principal and interest to become due on the Parity Debt to be refunded (assuming payment at their maturity), then such Parity Debt may not be refunded without the consent of the holders of the unrefunded portion of the outstanding Parity Debt. The City Council may at any time elect to subordinate any General Obligation Bonds to the payment of debt service on the other Parity Debt.

20.7 Short-Term Indebtedness. The Board may, to the extent permitted by law, incur Short-Term Indebtedness secured by a lien on Net Revenues prior to or on a parity with the Parity Debt for any one of the following purposes:

- (a) in the ordinary conduct of the Board's business and not for the purpose of borrowing money;
- (b) to borrow money not exceeding 10% of Revenues in its preceding Fiscal Year; or
- (c) to borrow money for improvements, major repairs or additions to the Hospital, if arrangements satisfactory to the City and consistent with the provisions of this Indenture have been made to repay the indebtedness from the proceeds of Additional Long-Term Indebtedness.

The Board may pledge to the payment of Short-Term Indebtedness incurred under clause (b) above accounts receivable from which Net Revenues are derived, and the lien created by said pledge may, at the election of the Board, be made superior or on a parity with the pledge and appropriate of Net Revenues herein made; provided that the aggregate of the Short-Term Indebtedness secured by such a pledge does not exceed 10% of the gross patient accounts receivable less than 90 days in age. No limitations are placed on the incurrence of Short Term Indebtedness secured by a lien on Net Revenues subordinate to the Parity Debt.

20.8 Capitalized Leases and Like Agreements and Purchase Money Security Interests. The Board may incur Additional Long-Term Indebtedness as a lease or installment purchase contract, as long as the annual payments thereunder, together with the aggregate annual payments of all other leases and installment purchase contracts which constitute Additional Long-Term Indebtedness do not exceed, as of the date the lease is effective, 5% of the Revenues in the then preceding Fiscal Year. The Board may, to the extent permitted by law, incur Additional Long-Term Indebtedness (so long as the applicable conditions of this Resolution are met) and for such purpose grant a purchase money security interest in any tangible personal property or movable fixtures. In no event, however, may the Board secure Additional Long-Term Indebtedness by otherwise granting a mortgage in real estate constituting a part of the Hospital.

20.9 Possession of Hospital and Sale of Hospital Assets.

(1) The City shall maintain possession of the Hospital, provided that the City may, to the extent permitted by law, lease all or any part of the Hospital or enter into an agreement for the use or operation of the Hospital so long as (i) no such lease or agreement shall be inconsistent with the provisions of this Resolution, and (ii) the City shall remain fully obligated under this Resolution as if such lease or agreement had not been made.

(2) The City may sell or otherwise dispose of any of its Hospital Assets for fair consideration, as estimated by the Board, and upon determination by the Board or its chief financial officer that such sale or disposition will not

materially impair the revenue producing capability of the Hospital, provided that such determination shall first be approved by the City if the fair market value of the Hospital Asset, as estimated by the Board, exceeds 2% of the value of the Hospital Assets as determined by the last annual audit report of the Hospital. Any sum paid to the City for such Hospital Asset shall be deposited in the Debt Service Account.

20.10 Insurance. The City agrees that it will maintain insurance, which may include (for liability insurance but not property insurance) one or more self-insurance programs covering such risks and in such amounts as, in its judgment, are adequate to protect it and its properties and operations and as are, with respect to health care activities and properties, customary for health care providers of similar size and character. Such insurance policies may include fire insurance, insurance coverage of boilers and other selected machinery items, general liability insurance and property damage coverage, comprehensive automobile liability insurance, worker's compensation coverage as required by the laws of the state in which such obligor does business, use and occupancy insurance covering all or a portion of the loss of operating revenues by reason of the total or partial interruption of health care services, professional liability insurance protecting against claims arising from any act or omission in the furnishing of health care services to any patient, and fidelity bonds on officers and employees of the City and Hospital who may have access to or custody of the Revenues of the Hospital.

20.11 Liens. The City will pay all utility charges, assessments and other charges arising from the operations of the Hospital which, if unpaid, would become a lien on the Hospital and will not permit any lien or encumbrance except Permitted Encumbrances to be established or to remain unsatisfied against the Hospital; provided that the City may in good faith contest any liens filed or established against the Hospital, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment of any such items the Hospital or any part thereof will be subject to loss or forfeiture, in which event the City shall promptly pay and cause to be satisfied and discharged all such unpaid items. With respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, with or without interest, the City shall be obligated to pay only such installments of principal and interest as are required to be paid. The City shall make all payments and comply with all covenants required by the terms of any security agreement constituting a Permitted Encumbrance on any Hospital Asset.

20.12 Alterations to Hospital. The Board may from time to time remodel and make additions, modifications, alterations, improvements and changes (hereinafter collectively referred to as "alterations") in or to the Hospital as the Board, in its discretion, may deem to be desirable for its uses and purposes; provided that such alterations shall not substantially impair the structural strength, utility or market value of the Hospital or materially impair its revenue producing capability.

All work in connection with any alternations or repairs to the Hospital shall be done promptly and in good workmanlike manner and in compliance with certificate of need laws or government regulations which may at that time be in full force and effect

and with the building and zoning laws of the City and other governmental subdivisions wherein the orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and officers thereof, and shall not violate the provisions of any policy of insurance covering the Hospital, and the work shall be prosecuted with reasonable dispatch, unavoidable delays excepted.

20.13 Damage and Destruction. Amounts received by the City as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the City may determine, including, without limitation, applying such moneys to pay or prepay any Indebtedness in accordance with the terms thereof, subject to compliance with the provisions hereof and thereof; provided, however, that if the amount of such proceeds or awards received with respect to any casualty loss or condemnation exceeds 2% of the value of the Hospital Assets, such proceeds will be applied to the repair or replacement of the lost or damaged property in connection with which the proceeds or awards are received or to the payment or prepayment of any Indebtedness in accordance with the terms thereof.

20.14 Books, Records and Audit. The City shall keep proper and separate books of record and account relating to the Hospital and each fund and account established under this Resolution. Such books, together with all other books, agreements and papers of the City relating to the Hospital and such funds and accounts shall at all times be subject to inspection by the Holders of not less than 10% in principal amount of the Notes then outstanding, and their duly authorized agents.

The Board shall file with the City on or before May 1 of each year, an annual audit relating to the Hospital, accompanied by an Independent Accountant's certificate, including a statement of assets and liabilities as of the end of each Fiscal Year, a statement of revenues and expenses for such year, a statement of the amounts held in each fund and account described in Section 17 of this Resolution at the end of such year.

The Board shall also file with the City at least quarterly reports, relating to the Hospital including a statement of assets and liabilities, of revenues and expenses, and of the amounts held in each fund and account described in Section 17 of this Resolution.

The reports, statements and other documents required to be furnished to the City pursuant to any provisions of this Section shall be available for inspection of Holders at the office of the City and shall be mailed to each Holder who files a written request therefor with the City.

20.15 Accreditation. The City warrants that the Hospital is accredited by the Joint Commission and covenants that it will use its best efforts to maintain accreditation by The Joint Commission or its successors unless in the opinion of the Board, it is not in the best interest of the City and the Holders to maintain such accreditation. The Board shall send to the City a true copy of the accreditation letter or in lieu thereof immediately upon any loss of accreditation, a statement by the Board that the Hospital is no longer accredited. Such statement shall set forth the reasons given by the accrediting body for non-accreditation.

20.16 Merger. The City agrees that, to the extent provided by law, it will not merge or consolidate the operations of the Hospital with the operations of and will not acquire and include as part of the operations of the Hospital substantially all of the assets and liabilities of, any entity or other department of the City unless (i) such action is not inconsistent with the provisions of this Resolution and (ii) there is filed with the City an opinion of Independent Counsel that such action will not adversely affect the tax exempt status of the Notes for federal income tax purposes of the Notes.

21. Defeasance. When all of the Notes have been discharged as provided in this paragraph, all pledges, covenants and other rights granted by this resolution to the registered holders of the Notes shall, to the extent permitted by law, cease. The City may discharge its obligations with respect to any Notes by irrevocably depositing with the Note Registrar on or before that date a sum sufficient for the payment thereof in full; or if any Note should not be paid when due, it may nevertheless be discharged by depositing with the Note Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any Notes or portions thereof called for redemption on any date when they are prepayable according to their terms, by depositing with the Note Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of redemption thereof has been duly given. The City may also at any time discharge its obligations with respect to any Notes, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a suitable banking institution qualified by law as an escrow agent for this purpose, cash or securities described in Minnesota Statutes, Section 475.67, Subdivision 8, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, subject to sale and/or reinvestment, to pay all amounts to become due thereon to maturity or, if notice of redemption as herein required has been duly provided for, to such earlier redemption date.

22. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the Purchasers, and to the attorneys approving the legality of the issuance, certified copies of all proceedings and records of the City relating to the Notes and to the financial condition and affairs of the City, and such other affidavits, certificates and information as are required to show the facts relating to the legality and marketability of the Notes as the same appear from the books and records under their custody and control or as otherwise known to them, and all such certified copies, certificates and affidavits, including any heretofore furnished, shall be deemed representations of the City as to the facts recited therein.

23. Compliance with Reimbursement Bond Regulations. The provisions of this paragraph are intended to establish and provide for the City's compliance with United States Treasury Regulations Section 1.150-2 (the "Reimbursement Regulations") applicable to the "reimbursement proceeds" of the Notes, being those portions thereof which will be used by the City to reimburse itself for any expenditure which the City paid or will have paid prior to the Closing Date (a "Reimbursement Expenditure").

The City hereby certifies and/or covenants as follows:

- (a) Not later than 60 days after the date of payment of a Reimbursement Expenditure, the City (or person designated to do so on behalf of the City) has made or

will have made a written declaration of the City's official intent (a "Declaration") which effectively (i) states the City's reasonable expectation to reimburse itself for the payment of the Reimbursement Expenditure out of the proceeds of a subsequent borrowing; (ii) gives a general and functional description of the property, project or program to which the Declaration relates and for which the Reimbursement Expenditure is paid, or identifies a specific fund or account of the City and the general functional purpose thereof from which the Reimbursement Expenditure was to be paid (collectively the "Project"); and (iii) states the maximum principal amount of debt expected to be issued by the City for the purpose of financing the Project; provided, however, that no such Declaration shall necessarily have been made with respect to: (i) "preliminary expenditures" for the Project, defined in the Reimbursement Regulations to include engineering or architectural, surveying and soil testing expenses and similar prefatory costs, which in the aggregate do not exceed 20% of the "issue price" of the Notes, and (ii) a *de minimis* amount of Reimbursement Expenditures not in excess of the lesser of \$100,000 or 5% of the proceeds of the Notes.

(b) Each Reimbursement Expenditure is a capital expenditure or a cost of issuance of the Notes or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Reimbursement Regulations.

(c) The "reimbursement allocation" described in the Reimbursement Regulations for each Reimbursement Expenditure shall and will be made forthwith following (but not prior to) the issuance of the Notes and in all events within the period ending on the date which is the later of three years after payment of the Reimbursement Expenditure or one year after the date on which the Project to which the Reimbursement Expenditure relates is first placed in service.

(d) Each such reimbursement allocation will be made in a writing that evidences the City's use of Note proceeds to reimburse the Reimbursement Expenditure and, if made within 30 days after the Notes are issued, shall be treated as made on the day the Notes are issued.

Provided, however, that the City may take action contrary to any of the foregoing covenants in this Section 26 upon receipt of an opinion of its Bond Counsel for the Notes stating in effect that such action will not impair the tax-exempt status of the Notes.

24. Negative Covenant as to Use of Hospital. The City hereby covenants not to use the Hospital Facilities or to cause or permit them to be used, or to enter into any deferred payment arrangements for the cost of the Project in such a manner as to cause the Notes to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code.

25. Tax-Exempt Status of the Notes; Rebate. The City shall comply with requirements necessary under the Code to establish and maintain the exclusion from gross income under Section 103 of the Code of the interest on the Notes, including without limitation requirements relating to temporary periods for investments, limitations on amounts invested at a yield greater than the yield on the Notes, and the rebate of excess investment earnings to the United States.

26. Designation of Qualified Tax-Exempt Obligations. The Notes are hereby designated as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. In order to qualify the Notes 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 Notes are not “private activity bonds” as defined in Section 141 of the Code;

(b) 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 2014 will not exceed \$10,000,000; and

(c) not more than \$10,000,000 of obligations issued by the City during calendar year 2014 have been designated for purposes of Section 265(b)(3) of the Code.

27. Severability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

28. Headings. Headings in this resolution are included for convenience of reference only and are not a part hereof, and shall not limit or define the meaning of any provision hereof.

The motion for the adoption of the foregoing resolution was duly seconded by member \_\_\_\_\_ and, after a 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.

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, 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 awarding the sale of the Hospital Revenue Notes (Rice Home Medical and Care Center Project) of said City.

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
City Clerk

**EXHIBIT A**

**FORM OF NOTE**

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
KANDIYOHI COUNTY  
CITY OF WILLMAR

R-1

\$ \_\_\_\_\_

HOSPITAL REVENUE NOTE, SERIES 2014\_  
(RICE HOME MEDICAL AND CARE CENTER PROJECT)

MATURITY  
DATE

DATE OF ORIGINAL  
ISSUE

\_\_\_\_\_, 2014

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Willmar, Kandiyohi County, Minnesota (the "Issuer"), certifies that it is indebted and for value received promises to pay to the registered owner specified above, or registered assigns, in the manner hereinafter set forth, the principal amount specified above, on the January 1 in the years and in installment amounts as follows:

<u>Date</u>	<u>Installment</u>	<u>Date</u>	<u>Installment</u>
2015		2026	
2016		2027	
2017		2028	
2018		2029	
2019		2030	
2020		2031	
2021		2032	
2022		2033	
2023		2034	
2024		2035	
2025			

with interest thereon quarterly on January 1, April 1, July 1, and October 1 of each year (each, an "Interest Payment Date"), commencing April 1, 2014, at the rate per annum specified below

(calculated on the basis of a 360-day year of twelve 30-day months) until the principal sum is paid or has been provided for. This Note will bear interest from the most recent Interest Payment Date to which interest has been paid or, if no interest has been paid, from the date of original issue hereof.

Registered Owner. The principal of and interest on this Note will be paid on each Interest Payment Date by check or draft mailed to the person in whose name this Note is registered (the "Holder" or "Noteholder") on the registration books of the Issuer maintained by the City Finance Director (the "Note Registrar") and at the address appearing thereon at the close of business on the fifteenth day of the calendar month next preceding such Interest Payment Date (the "Regular Record Date"). Any interest not so timely paid shall cease to be payable to the person who is the Holder hereof as of the Regular Record Date, and shall be payable to the person who is the Holder hereof at the close of business on a date (the "Special Record Date") fixed by the Note Registrar whenever money becomes available for payment of the defaulted interest. Notice of the Special Record Date shall be given to the Holder not less than 10 days prior to the Special Record Date. The principal of and premium, if any, and interest on this Note are payable in lawful money of the United States of America.

Interest. Commencing on the date of this Note and continuing until April 1, 20\_\_ (the "First Adjustment Date") interest shall accrue on the outstanding principal balance at the initial rate of \_\_\_\_% per annum (the "Initial Rate"). On the First Adjustment Date, and on each \_\_\_\_ year anniversary thereafter (each an "Adjustment Date") the Maturity Date, the interest rate on this Note will be adjusted to a rate per annum equal to the sum of 300 basis points plus the then current rate of the Treasury Constant Maturities for \_\_\_\_-year obligations as reported by the Federal Reserve for the preceding month (the "Adjusted Rate"); provided, however, that the rate on this Note will not exceed [15%] per annum nor be less 2.81% per annum. All such adjustments to the interest rate shall be made and become effective as of each Adjustment Date and the interest rate as adjusted shall remain in effect through and including the day immediately preceding the Adjustment Date or the Maturity Date, as applicable.

Redemption. This Note subject to redemption and prepayment at the option of the Issuer on any date at a price of par plus accrued interest plus a premium of \_\_\_\_% until January 1, 2016, \_\_\_\_% until January 1, 2017 and \_\_\_\_% until January 1, 2018. Redemption may be in whole or in part. If redemption is in part, the principal amounts to be redeemed shall be determined by the City and a pro rata portion of each Note, based on the outstanding principal amount of each Note, shall be prepaid. The Notes or portions thereof called for redemption shall be due and payable on the redemption date, and interest thereon shall cease to accrue from and after the redemption date. Mailed notice of redemption shall be given to the Holder of this Note.

Issuance; Purpose. This Note is one of an issue in the total principal amount of \$\_\_\_\_\_, all of like date of original issue and tenor, except as to number and denomination, which Note has been issued pursuant to and in full conformity with the Constitution, laws of the State of Minnesota and the Charter of the Issuer and pursuant to a resolution adopted by the City Council on December 2, 2013 (the "Resolution"), for the purpose of providing money to finance the acquisition and betterment of the Rice Memorial Hospital, including (i) the acquisition, construction and equipping of approximately 7 additional short-stay rooms attached to the 23 existing short-stay resident rooms of the long term care facility known as the Rice Care Center

located at 1801 Willmar Ave. SW. in the City (the "Care Center"), additional therapy space, a loading/receiving area, maintenance shop, and storage; and (ii) the acquisition, construction and equipping of tenant improvements to the existing Rice Home Medical store in Alexandria to provide a "Women's Health" store and the expansion of clinical space, repair room, and showroom (collectively, the "Project"). This Note is payable out of the Hospital Fund of the Issuer.

Denominations; Exchange; Resolution. The Notes are issuable solely as fully registered notes in denominations of \$100,000 and integral multiples thereof and are exchangeable for fully registered notes of other authorized denominations in an equal aggregate principal amount at the principal office of the Note Registrar, but only in the manner and subject to the limitations provided in the Resolution. Reference is hereby made to the Resolution for a description of the rights and duties of the Note Registrar. Copies of the Resolution are on file in the principal office of the Note Registrar.

Transfer. This Note is transferable by the Holder in person or by his, her or its attorney duly authorized in writing at the principal office of the Note Registrar upon presentation and surrender hereof to the Note Registrar, all subject to the terms and conditions provided in the Resolution. Thereupon the Issuer shall execute and the Note Registrar shall deliver, in exchange for this Note, one or more new fully registered Notes in the name of the transferee (but not registered in blank or to "bearer" or similar designation), of an authorized denomination or denominations, in an aggregate principal amount equal to the outstanding principal amount of this Note, of the same maturity and bearing interest as set forth herein.

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

Treatment of Registered Owners. The Issuer and Note Registrar may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided (except as provided with respect to the Record Date) and for all other purposes, whether or not this Note shall be overdue, and neither the Issuer nor the Note Registrar shall be affected by notice to the contrary.

Qualified Tax-Exempt Obligations. The Notes of this issue have been designated by the Issuer 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 \$10,000,000 limit allowed by the Code for the calendar year 2014.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota and the Charter of the Issuer to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the Issuer has covenanted and agreed with the Holders of the Notes that it will impose and collect charges for the service, use and availability of its municipal hospital facility at the times and in amounts necessary to produce Net Revenues (as defined in the

resolution authorizing the Notes, hereinafter the "Resolution") adequate to pay all principal and interest when due on the Notes and all Parity Debt (as defined in the Resolution); and that this Note, together with all other debts of the Issuer outstanding on the date of original issue hereof and the date of its issuance and delivery to the original purchaser, does not exceed any constitutional, statutory or Charter limitation of indebtedness.

IN WITNESS WHEREOF, the City of Willmar, Kandiyohi County, Minnesota, by its City Council has caused this Note to be executed on its behalf by its Mayor and its City Clerk, the corporate seal of the Issuer having been intentionally omitted as permitted by law.

CITY OF WILLMAR, MINNESOTA

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Clerk

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the note register of the City Finance Director, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of City Finance Director</u>
	_____	
	_____	
_____, 2014	Federal ID # _____	_____



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE  
ACTION**

**Agenda Item Number:**   7  

**Meeting Date:**

**Attachments:**  Yes  No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- Approved     Denied
- Amended     Tabled
- Other

**Originating Department:** City Clerk-Treasurer

**Agenda Item:** Consideration of Currency Exchange Licenses of Quick Funds and Checks Cashed and Payday Loans

**Recommended Action:** Approve License Upon Satisfactory Testimony at Hearing

**Background/Summary:**

The City is in receipt of an application for a Currency Exchange License submitted by **Darrell K. Sunvold dba Quick Funds, Inc.** to operate a currency exchange business at 222 SW 3<sup>rd</sup> Street. The first application was received for the 2005 calendar year. Minnesota Statutes Chapter 53A.04 requires the governing body to give published notice of its intention to consider the issue and shall solicit testimony from interested persons at tonight's hearing.

7:05 p.m. Quick Funds hearing

The City is in receipt of an application for a Currency Exchange License submitted by **Bennett Ventures, Inc. dba Checks Cashed and Payday Loans** to operate a currency exchange business at 312 24<sup>th</sup> Avenue SW, Suite 2. The first application was received for the 2000 calendar year. Minnesota Statutes Chapter 53A.04 requires the governing body to give published notice of its intention to consider the issue and shall solicit testimony from interested persons at tonight's hearing.

7:06 p.m. Checks Cashed and Payday Loans hearing

**Alternatives:** Deny License and Allow Department of Commerce to Act on License

**Financial Considerations:** No Fiscal Impact

**Preparer:** City Clerk-Treasurer

**Signature:**

**Comments:**



MINNESOTA  
DEPARTMENT OF  
COMMERCE

85 7th Place East, Suite 500  
St. Paul, Minnesota 55101-2198  
mn.gov/commerce/  
651.296.4026 FAX 651.297.1959  
An equal opportunity employer

November 4, 2013

Mr. Kevin Halliday, City Clerk  
City of Willmar  
333 6<sup>th</sup> St SW  
P.O. Box 755  
Willmar, MN 56201

**CERTIFIED MAIL**

RE: Bennett Ventures, Inc. – License #20207486  
Quick Funds, Inc. – License #20506019  
Currency Exchange License Renewal for 2014

Dear Mr. Halliday:

The above-named currency exchange licensees have made application to renew their currency exchange licenses to operate at:

312 24<sup>th</sup> Ave. SW, Suite 2  
Willmar, MN 56201

222 3<sup>rd</sup> St. SW  
Willmar, MN 56201

Pursuant to Minnesota Statutes Chapter 53A.04, we are notifying your office that a complete currency exchange license renewal application has been filed with the Department of Commerce. The renewal application included the names of the officers and owners of the licensee, background checks on each of the owners and officers from the Minnesota Bureau of Criminal Apprehension, a fee schedule of all fees to be charged by the currency exchange office, a \$10,000 surety bond valid through December 31, 2014, and the \$550 renewal fee. If you wish to receive a copy of the complete currency exchange license renewal application form that was filed with this office, please contact Lynne at 651-539-1707 and it will be forwarded to you.

Minnesota Statutes Chapter 53A.04 requires the Department of Commerce to submit any application for licensure as a currency exchange to the governing body of the local unit of government in which the currency exchange business is located. The law further requires the governing body to give published notice of its intention to consider the issue and shall solicit testimony from interested persons, including those in the community in which the licensee is located. If the governing body has not approved or disapproved the issue within 60 days of receipt of the application, concurrence is presumed. The governing body shall have the sole responsibility for its decision. The state shall have no responsibility for that decision. Your cooperation in forwarding this information to the proper unit within your organization is appreciated.

Your reply must be received within 60 days of receipt of this letter. If you have any questions, please contact me at the telephone number listed below.

Very truly yours,

  
Robin H. Brown

Financial Institutions Division  
651-539-1721  
651-539-1548 (Fax)

cc: Bennett Ventures, Inc.  
Quick Funds, Inc.



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 9

**Meeting Date:**

**Attachments:**  Yes  No

**CITY COUNCIL ACTION**

**Date:**

- Approved       Denied  
 Amended       Tabled  
 Other

\_\_\_\_\_  
\_\_\_\_\_

**Originating Department:** City Administrator

**Agenda Item:** Consideration of Kandiyohi County and City of Willmar Economic Development Commission Budget for 2014

**Recommended Action:** Approve the Budget as presented

**Background/Summary:** The Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board approved of the 2014 Budget on November 21, 2013.

**Alternatives:** Not approve Budget

**Financial Considerations:** N/A

**Preparer:** Charlene Stevens, Administrator

**Signature:**

**Comments:**

## Kandiyohi County City of Willmar Economic Development Commission

Date Printed: 11/26/2013

Joint Powers Board adopted 11/21/2013

	2014 Budget
<b>REVENUES</b>	
County Tax Levy	\$ 455,000
Loans	
ELGP application fees	\$ 200
Revolving Loan Fund application fees	
Revolving Loan Fund repayments interest	\$ 2,044
Conference registrations	
Finance Seminar	\$ 200
Insurance dividends	\$ 3,000
Interest on investments	
Heritage Bank savings account	\$ 405
Concorde Bank (Revolving Loan Fund savings account)	\$ 251
Citizens Alliance Bank 36-month CD \$100,000 at 1%	\$ 1,000
Citizens Alliance Bank 36-month CD \$100,000 at 1.05%	\$ 1,050
North American State Bank 23-month CD \$100,000 at 1.15%	\$ 1,150
US Bank CD (Tourism Development Account)	\$ 225
Other Income	
Reserve Fund	\$ 46,082
Miscellaneous revenue	\$ 100
Refunds and reimbursements	\$ 500
<b>Total Revenues</b>	<b>\$ 511,207</b>
<b>EXPENSES</b>	
Economic Development Community Contributions	
Sponsor Fees	
Ag Tech Showcase	\$ 2,000
Animal Science Conference	\$ 1,500
Vision 2040	\$ 2,500
Blandin Foundation USDA Rural Development Rural Business Opportunity Program grant (2014 and 2015)	\$ 5,000
Other	\$ 1,500
<b>Total Economic Development Community Contributions</b>	<b>\$ 12,500</b>
Other Expenses:	
Joint Powers Board (includes meals/administrative time)	\$ 1,000
Joint Operations Board (includes meals/administrative time)	\$ 3,000
SCORE (cell phone and email account)	\$ 300
Other operating expenses	\$ 1,853
<b>Total Other Expenses</b>	<b>\$ 6,153</b>
Countywide Business Development	\$ 5,000
<b>Total Countywide Business Development</b>	<b>\$ 5,000</b>
<b>COMMITTEE EXPENSES</b>	
Agriculture and Renewable Energy Development	
Program administration	\$ 3,191
Incurred costs (mileage, expenses, other)	\$ 1,041
Seminars/Conferences	\$ 3,000
Meals	\$ 780
<b>Total Ag Committee Expenses</b>	<b>\$ 8,012</b>

## Kandiyohi County City of Willmar Economic Development Commission

Date Printed: 11/26/2013

Joint Powers Board adopted 11/21/2013

	2014 Budget
Business Retention and Expansion/Recruitment (includes Technology Advisory Committee)	\$ 7,000
Meals	
Conferences, conventions, meetings	
Professional services	
General administrative services	
Professional services - Other	
Other	
<b>Technology Advisory Committee</b>	<b>\$ 4,000</b>
Website development grants	
<b>Total BRE/R Committee Expenses</b>	<b>\$ 11,000</b>
Finance	
Other charges (filing fees)	
Professional services	
General administrative services	
Legal services	
Seminars	
Meals	
Marketing	
<b>Total Finance Committee Expenses</b>	<b>\$ 2,000</b>
Marketing and Public Relations	
Memberships	
Special projects	
Media	
Professional services	
General administrative services	
REDstar Creative	
Professional services - other	
Printing, copying and publishing	
Meals	
<b>Total Marketing and Public Relations Committee Expenses</b>	<b>\$33,000</b>
Tourism/Leisure Travel	
CVB Tourism Partnership Agreement	\$ 34,000
<b>Total Tourism/Leisure Travel Committee</b>	<b>\$ 34,000</b>
<b>Total Committee Expense</b>	<b>\$ 88,012</b>
<b>EMPLOYEE COMPENSATION</b>	
Executive Director	
Director's salary	\$ 79,500
Director's auto allowance (\$525 per month)	\$ 6,300
Director's health insurance (\$722.50 p/mo.)	\$ 8,926
Director's payroll taxes (FICA = 6.20%; Medicare = 1.45%)	\$ 6,082
Director's pension (PERA) 2013 employer rate is 7.25%	\$ 5,764
<b>Total Executive Director's Compensation</b>	<b>\$ 106,572</b>
Assistant Director	
Assistant Director's salary	\$ 65,984
Asst Director's health insurance	\$ 8,926
Asst Director's payroll taxes	\$ 5,048
Assistant Director's PERA	\$ 4,784
<b>Total Assistant Director's Compensation</b>	<b>\$ 84,742</b>

## Kandiyohi County City of Willmar Economic Development Commission

Date Printed: 11/26/2013

Joint Powers Board adopted 11/21/2013

	2014 Budget
Business Development Specialist's position	
Business Development Specialist's salary	\$ 50,000
Business Development Specialist's health insurance	\$ 8,926
Business Development Specialist's payroll taxes	\$ 3,825
Business Development Specialist's PERA	\$ 3,625
<b>Total Business Development Specialist's Compensation</b>	<b>\$ 66,376</b>
Employee workers' compensation insurance	\$ 895
<b>Total Employee Compensation</b>	<b>\$ 258,585</b>
<b>ADMINISTRATIVE EXPENSES</b>	
MCIT property/casualty insurance	\$ 3,139
Meals not for a committee	\$ 1,800
Memberships, dues, subscriptions	\$ 3,500
Professional services:	
Auditor	\$ 6,000
Bookkeeping fees	\$ 4,800
Legal fees	\$ 1,500
Seminars and promotions	\$ 2,500
Travel, conference, school	\$ 7,000
<b>Total Administrative Expenses</b>	<b>\$ 30,239</b>
<b>OFFICE EXPENSES</b>	
Furniture and equipment	\$ 2,000
Rent (water cooler, post office box)	\$ 300
Waste and snow removal	\$ 1,000
Office equipment and miscellaneous	\$ 3,000
Maintenance of equipment and rental	
Software	\$ 500
Toshiba service contract (\$1,468.92)	\$ 1,470
Equipment maintenance and rental - other	\$ 2,000
Rent (office lease \$2,009.46/month and \$35 extra parking)	\$ 24,534
Telephone/Telecommunications	\$ 7,714
Supplies	\$ 4,000
Printing, copying and publishing	\$ 2,500
Postage, mailing service	\$ 1,500
Professional services:	
General administrative	\$ 55,650
Planning session facilitator	\$ 1,500
Website hosting service	\$ 450
Cleaning person	\$ 2,600
<b>Total Office Expenses</b>	<b>\$ 110,718</b>
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 511,207</b>

**FINANCE COMMITTEE REPORT  
CITY OF WILLMAR  
TUESDAY, NOVEMBER 19, 2013**

The Finance Committee of the Willmar City Council met at 3:00 p.m. on Tuesday, November 19, 2013, in the Council Chambers at the Willmar Municipal Utilities Building. Chair Denis Anderson called the meeting to order. Members present included Chair Denis Anderson, Vice-Chair Tim Johnson, Rick Fagerlie, and Audrey Nelsen. This meeting was declared open to all council members allowing them to make comments, motions, and vote. Other council members included Bruce Deblieck, Ron Christianson, Steve Ahmann, and Jim Dokken, and Mayor Frank Yanish. Others present included City Administrator Charlene Stevens, Finance Director Steve Okins, City Clerk Kevin Halliday, Planning and Development Services Director Bruce Peterson, Police Chief Dave Wyffels, Fire Chief Gary Hendrickson, Leisure Services Supervisor LeAnne Freeman, Civic Center Manager Kevin Madsen, Accounting Supervisor Carol Cunningham, HRA Executive Director Jill Bengtson, MUC General Manager Wes Hompe, MUC Finance Director Tim Hunstad, Rice Hospital CEO Mike Schramm, Rice CFO Bill Fenske, Design Center Chair Gary Geiger, Design Center Treasurer John Christianson, Design Center Coordinator Bev Dougherty, West Central Integration Collaborative Director Charley Leuze, Willmar Area Multicultural Marketing Business Center Representative Jeff Madsen, and West Central Tribune Journalist David Little.

**Item No. 1 – Public Comment**

Chair Anderson acknowledged that no one present wished to address the Council at this time.

**Item No. 2 – 2014 Budget Presentations ( Information and Motion )**

**Item A – HRA FYE 06/30/14 Budget (Information) and 2014 Tax Levy (Resolution).** HRA Executive Director Jill Bengtson presented the HRA's Fiscal Year End June 30, 2014, Budget to the Council. Revenues are projected at \$919,193.81, which includes a Tax Levy Request for 2014 of \$170,000. Expenditures are estimated at \$916,823.21 with a Provision for Reserve of \$2,370.60. Ms. Bengtson also provided an overview of programs the HRA administers and reported that the recent federal government sequestration affected funding for some programs. It was noted that the Willmar HRA and Kandiyohi County HRA will begin the merging process in January, 2014, with an anticipated completion date of July 1, 2014. Following a brief discussion, Chair Anderson thanked Ms. Bengtson for the presentation. It was then moved by Council Member Fagerlie, seconded by Council Member Nelsen, and passed to make the following:

**RECOMMENDATION:** to approve the Willmar Housing and Redevelopment Authority levy of \$170,000.

**Item B – Willmar Municipal Utilities 2014 Budget (Information).** General Manager Wes Hompe and Finance Director Tim Hunstad presented the Willmar Municipal Utilities 2014 Budget. Total Revenue is estimated at \$30.1 million with Total Operating Expenditures of \$28.4 million. The 2014 Intergovernmental Transfer to the City of Willmar is projected to be \$2.075 million. The 5-year capital improvements budget was also presented, highlighting some of the major projects anticipated. Noting vehicle maintenance is not done inhouse by the MUC, Council Member Fagerlie suggested contracting this work with the City's Public Works Department or the KAT Bus Garage.

Other discussion included the status of the wind turbines and LED street lights. This matter was taken for information.

**Item C – Rice Memorial Hospital 2014 Budget (Information).** CEO Michael Schramm and CFO Bill Fenske reviewed the 2014 Budget, noting that revenues are projected to be flat compared to 2013. Consequently, in an effort to reduce costs, they are proposing a decrease of 15 FTE's in 2014. Mr. Fenske reviewed the statistics used in preparation of the budget as well as the current and past years' financial statements. The 2014 Budget reflects Net Operating Revenue of \$98,391,680 with Net Operating Expenses of \$96,387,705. Rice Hospital is projecting a Net Income of \$2,541,249 in 2014. Discussion included Inpatient versus Outpatient volumes, effects of federal government sequestration, the shift in Payer Mix to more governmental sources and less commercial sources, and bad debts. This matter was taken for information.

### **Item No. 3 – Comments From Mayor Yanish ( Information )**

Mayor Frank Yanish briefly addressed the council members, promoting the cuts he has previously proposed to travel, dues/memberships, professional services, and community funding requests with the excess to be allocated to street repairs.

### **Item No. 4 – Community Group Funding Requests ( Motions )**

**Item A – Willmar Design Center - Motion.** The Willmar Design Center's initial request totaling \$58,500 was reviewed. Council Member Christianson raised a concern about whether funding for the Willmar Design Center qualifies as public purpose. Chair Anderson responded that in May, 2012, the City adopted the Downtown Plan for which, without the Design Center, the City would need to staff the Plan's projects. Design Center Chair Gary Geiger spoke to the efforts of the Design Center, including the Robbins Island path, the Downtown SCDP applications processed with the HRA, future SCDP programs to be proposed, items in the Downtown Plan, grant applications, and achieving Accreditation by Minnesota Main Street making the City eligible for various grants.

Mayor Yanish raised a concern that a year ago Design Center Treasurer John Christianson stated that if we funded their request last year (2013) of \$32,000 that the Design Center would not request funds for 2014. Staff will research past minutes regarding this issue.

Council Member Dokken asked if all items in the Downtown Plan fit the definition of public purpose.

Following discussion, it was moved by Council Member Nelsen, seconded by Council Member Fagerlie, and passed with Council Member Ahmann voting against to make the following:

**RECOMMENDATION:** to approve \$32,000 of the Willmar Design Center's request for 2014.

**Item B – Willmar Area Multicultural Market-Business Center (WAMM-BC) - Motion.** The WAMM-BC's initial request totaling \$20,000 was reviewed. Administrator Stevens noted that since this is the first year that the City has received a request from WAMM-BC, any proposed funding should be initiated by the Council. WAMM-BC Representative Jeff Madsen explained that their focus is on job creation and economic development. Over the last year, they have helped create 54 new full time jobs and 13 new businesses. Council member Christianson raised a concern about whether or not this qualifies as public purpose. Additionally, he felt taxpayers are funding this

program more than once because of the funding WAMM-BC receives from multiple levels of government.

Following discussion, it was moved by Council Member Christianson and seconded by Council Member Johnson to approve \$-0- funding for WAMM-BC.

Following discussion, it was then moved by Council Member Nelsen, seconded by Council Member Fagerlie, and passed with Council Member Christianson voting against to make the following:

**RECOMMENDATION:** to amend the previous motion by approving \$10,000 of the Willmar Area Multicultural Market-Business Center request for 2014.

It was then passed with Council Member Christianson voting against to make the following amended:

**RECOMMENDATION:** to approve \$10,000 of the Willmar Area Multicultural Market-Business Center request for 2014.

**Item C – West Central Integration Collaborative - Motion.** The West Central Integration Collaborative's initial request totaling \$21,000 was reviewed. Council member Fagerlie noted that the Collaborative performs a lot of interpretive services on behalf of the City and wondered if this could be funded under professional services rather than community funding. Staff acknowledged this would be a possibility if the council so chooses.

Following discussion, it was moved by Council Member Fagerlie and seconded by Council Member Nelsen to approve \$21,000 for the West Central Integration Collaborative to be budgeted under professional services.

Following discussion, it was then moved by Council Member Christianson, seconded by Council Member Ahmann, and passed on a roll-call vote of 5 Ayes, 3 Nays with Council Members Deblieck, Fagerlie and Nelsen voting against to make the following:

**RECOMMENDATION:** to amend the previous motion by approving \$21,000 under Professional Services for interpretive services and issue a Request For Proposals for said services.

It was then passed to make the following amended:

**RECOMMENDATION:** to approve \$21,000 to be budgeted under 2014 Professional Services and issue a Request for Proposals for interpretive services.

**Item D – Community Marketing Coalition - Motion.** The Community Marketing Coalition's initial request for 2014 totaling \$2,000 was reviewed. It was noted that \$1,500 was funded for the Coalition in 2013. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Nelsen, passed to make the following:

**RECOMMENDATION:** to approve \$2,000 for the Community Marketing Coalition for 2014.

## **Item No. 5 – Mayor’s Reductions to the 2014 Budget ( Motions )**

**Item A – Travel and Training - Motion.** Council members reviewed a breakdown of the 2014 Proposed Budget for Travel/Training cost estimates listed as Mandatory, Best Practices and Voluntary.

Following discussion, it was moved by Council Member Nelsen and seconded by Council Member Fagerlie to fund the Travel/Training Budget at the City Administrator’s level of \$84,615 for the General Fund and \$9,950 for the Waste Treatment Fund.

Mayor Yanish expressed his support to fund all training needed for the police department and fire department but to cut other areas of travel costs.

It was then moved by Council Member Dokken and seconded by Council Member Ahmann to amend the previous motion by funding only the Mandatory Travel/Training portion at \$69,440. This motion failed with Council Member Dokken voting for it.

Council Member Nelsen expressed her support for fully funding the travel budget to enable new staff to receive adequate training, and all staff to receive ongoing training as needed, including diversity training.

Council Member Johnson stated that he appreciated the Mayor’s efforts in cutting costs but felt that travel and training is not the most prudent place to do so. Further, the differing amounts are pretty miniscule. Council Member Ahmann supported this opinion.

It was then passed to make the following:

**RECOMMENDATION:** fund the Travel/Training Budget for the General Fund at \$84,615 and for the Waste Treatment Fund at \$9,950.

**Item B – Dues and Subscriptions - Motion.** Council members reviewed a breakdown of the 2014 Proposed Budget for Dues/Subscriptions cost estimates listed as Mandatory, Best Practices and Voluntary.

Council Member Anderson specifically addressed the Coalition of Greater Minnesota Cities Dues in the amount of \$35,151. He spoke in favor of the Coalition, referencing the work they do in support of cities particularly with the State Legislature and the Governor.

Mayor Yanish expressed concern for excess costs incurred that were not necessary for the Coalition-sponsored conferences at which, in his opinion, minimal training was performed.

Council Member Nelsen provided a detailed report of the workshops presented at the Coalition conference she attended in November and expressed her opinion that this was very valuable for learning information and networking with other city mayors and council members.

Council Member Fagerlie asked if the Coalition would reduce their rate structure and staff responded that upon contacting the Coalition it was learned that was not an option.

Council Member Johnson spoke in favor of the Coalition citing the work they have done for cities at the State Legislature, specifically on Local Government Aid.

Mayor Yanish referred to an article he received in which Representative Urdahl asked for an investigation into employee conference spending citing a 3-day conference at Breezy Point at which they attended 6 hours of meetings and played 2 rounds of golf. Chair Anderson stated that apparently was an issue with State employees and did not pertain to the topic at hand.

Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Ahmann, and passed to make the following:

**RECOMMENDATION:** to approve \$35,151 in membership dues with the Coalition of Greater Minnesota Cities for 2014.

Council Member Christianson then offered a motion to set Dues and Subscriptions at \$72,507 which would include all costs as presented except for the National League of Cities (NLC) Dues in the amount of \$1,500. Council Member Dokken seconded this motion.

Council Member Nelsen spoke in favor of continuing the City's membership with the NLC. Mayor Yanish then asked if there were anything Council Member Nelsen wouldn't spend money on. Chair Anderson then stopped him, stating no one is to get personal in these discussions. Mayor Yanish left the meeting at 6:21 PM.

Following discussion, it was moved by Council Member Deblieck, seconded by Council Member Nelsen and passed with Council Member Christianson voting against to make the following:

**RECOMMENDATION:** to make a motion to amend the previous motion by adding \$1,500 back into the total of Dues/Subscriptions.

It was then passed to make the following amended:

**RECOMMENDATION:** to make a motion to set Dues and Subscriptions at \$74,007 for the General Fund, \$5,600 for Waste Treatment, and \$150 for Airport.

**Item C – Professional Services - Motion.** Council members reviewed the 2014 Proposed Professional Services budgeted amounts, by department, in the general fund and the airport fund totaling \$479,100. Following discussion, it was moved by Council Member Christianson, seconded by Council Member Dokken and passed to make the following:

**RECOMMENDATION:** to make a motion setting the 2014 Professional Services budget for the General Fund and Airport Fund at \$479,100 and for the Waste Treatment Fund at \$108,500.

#### **Item No. 6 – Review of Vehicle Replacement Schedule ( Information )**

Council members reviewed the vehicle replacement schedule. Chair Anderson again noted the Council's new policy requiring any purchase over \$10,000 be brought to the applicable Committee for approval. The vehicles scheduled to be replaced in 2014 are included in the proposed 2014 budget. This matter was taken for information.

### **Item No. 7 – Review of Capital Improvement Program ( Information )**

Council members reviewed the 2014 Capital Improvement Program with staff noting that the amount budgeted for the Auditorium/Indoor Gun Range was increased to \$250,000 since the previous report. Furthermore, \$20,000 for the Fire Department Voice Amplifiers is to be removed from this list because that purchase will be done in 2013. After applying these changes, the new total of Cash funding needed for the 2014 Capital Improvements Program is \$1,250,450.

Following discussion, it was moved by Council Member Deblieck and seconded by Council Member Nelsen to approve the 2014 Capital Improvements Program as presented.

Following discussion, it was then moved by Council Member Christianson, seconded by Council Member Ahmann and passed to make the following:

**RECOMMENDATION:** to amend the previous motion by removing the Downtown Gateways project but leaving the amount budgeted for that project in the Capital Improvements Program to be used for another purpose as needed, in the time-frame allowed by City Charter.

It was then passed to make the following:

**RECOMMENDATION:** to approve the 2014 Capital Improvements Program as presented with the removal of the Downtown Gateways, leaving its budgeted amount in the Program for future use.

### **Item No. 8 – Health Insurance Reallocation of Funds ( Motion )**

Chair Anderson explained that a projected increase in health insurance costs estimated at \$183,000 had been included in the initial proposed 2014 budget. Since that time, notification has been received that health insurance rates are not increasing for 2014. It is staff's recommendation to reallocate this excess to the 2014 Capital Improvements Transfer, increasing the total transfer from the general fund to \$1,886,036.

Following discussion, it was moved by Council Member Fagerlie and seconded by Council Member Nelsen to approve reallocating the \$183,000 overage to the 2014 Capital Improvements Transfer.

It was then moved by Council Member Ahmann, seconded by Council Member Christianson, and passed to make the following:

**RECOMMENDATION:** to amend the previous motion by reducing the additional 2014 Capital Improvements Transfer allocation to \$178,000 and designate the remaining \$5,000 for the 2014 Holiday Parade.

It was then passed to make the following:

**RECOMMENDATION:** to reallocate the excess \$183,000 originally budgeted for 2014 health insurance expenditures to the 2014 Capital Improvements Transfer in the amount of \$178,000 and the 2014 Holiday Parade in the amount of \$5,000.

**Item No. 9 – Approve Tax Levy and Set Budget ( Resolutions )**

**Item A – Approve Tax Levy - Resolution.** Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Nelsen and passed to make the following:

**RECOMMENDATION:** to introduce a resolution setting the 2014 City property tax levy at \$4,139,734 which includes \$3,992,734 for the General Fund and \$147,000 for street/infrastructure; and setting the 2014 HRA Tax Levy at \$170,000.

**Item B – Set 2014 Budget – Resolution.** Following discussion, it was moved by Council Member Nelsen, seconded by Council Member Fagerlie and passed to make the following:

**RECOMMENDATION:** to introduce a resolution adopting the 2014 Budget as presented in the amount of \$15,757,236.

**Item No. 10 – Old Business ( Information )**

Chair Anderson acknowledged there was no old business for the Committee to discuss at this time.

**Item No. 11 – New Business ( Information )**

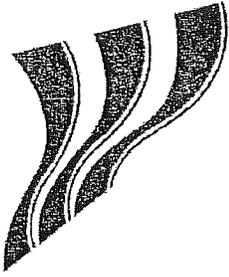
Chair Anderson acknowledged there was no new business for the Committee to discuss at this time.

There being no further business to come before the Committee, the meeting was adjourned at 6:55 p.m. upon motion by Council Member Nelsen, second by Council Member Christianson, and carried.

Respectfully submitted,



Carol Cunningham  
Accounting Supervisor



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 3  
**Meeting Date:** November 19, 2013  
**Attachments:**  Yes  No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

Approved  Denied  
 Amended  Tabled  
 Other

**Originating Department:** Finance

**Agenda Item:** 2014 Budget Presentations

**Recommended Action:** Receive and discuss the 2014 Budgets for:  
A) Housing and Redevelopment Authority  
B) Willmar Municipal Utilities  
C) Rice Memorial Hospital

**Background/Summary:** Representatives from the Housing and Redevelopment Authority, Willmar Municipal Utilities, and Rice Memorial Hospital will be presenting their 2014 Budgets and will be available to answer any questions.

**Alternatives:** None.

**Financial Considerations:** None.

**Preparer:** Carol Cunningham, Accounting Supervisor

**Signature:**

**Comments:**

Housing and Redevelopment Authority In and For the City of Willmar

2013 Activities Report / 2014 Tax Levy Request  
Willmar City Council Finance Committee

November 19, 2013

Willmar HRA Board of Commissioners

Vera Novak, Chair  
Ryan Tillemans, Vice-Chair  
Luz Gonzalez, Secretary  
Kerry Johnson  
Vacant Appointed HRA Resident Commissioner

Willmar City Council Liaisons

Ron Christianson  
Jim Dokken

HRA Staff

Jill Bengtson, Executive Director  
Nikki Ilgen, Housing Programs Supervisor  
Brad Hanson, Maintenance Supervisor  
Gabby Carranza, Public Housing Specialist  
Paul Wells, Housing Programs Assistant

Gwen Chase, Rental Assistance Specialist  
Sue Johnson, Rental Housing Specialist  
Anastasia Toth, Administrative Assistant  
Mark Hirman, FPH/WCMH/CV Caretaker  
Antonio Diaz, Lakeview Caretaker  
Dennis Eickhoff, Dana Heights/WCMH/CV Caretaker  
Mike Rothers, Highland Caretaker

**HRA Vision Statement:**

*Continue to focus on the reason the HRAs exist – to care about fellow citizens and their quality of life;  
ensure affordable quality housing for all and engage in development and preservation programs to strengthen our communities.  
Conduct dynamic planning based on changing needs and issues in our communities, valuing input from all stakeholders and community members.  
Provide a variety of programs and housing options that lead to successful outcomes by working together to be resourceful, creative and fiscally responsible.*

**HRA Mission Statement:**

*To promote and provide housing and development opportunities to revitalize our communities and improve residents' quality of life.*

## Willmar HRA Owned Properties (258 Units)

Property Name Comments	Funding Source	Total Units	Unit Types	Tenant Eligibility	Tenant Rent	Income Limits
Lakeview Apartments Assisted living Available, MN Extension monthly classes, Polling Site, Fire Dept testing site	HUD Public Housing	127	126 - 1 bdrm 1 - 2 bdrm for onsite caretaker	Income based	30% of adjusted gross income	80% Median Income
Family Public Housing - Welshire	HUD Public Housing	29	13 - 2 bdrm 14 - 3 bdrm 2 - 4 bdrm	Income based	30% of adjusted gross income	50% Median Income
Family Public Housing - Scattered Single Family	HUD Public Housing	18	3 - 2 bdrm 12 - 3 bdrm 3 - 4 bdrm	Income based	30% of adjusted gross income	50% Median Income
Highland Assisted Living Available, Let's Go Fishing Trips, Polling Site	HUD Section 8 New Construction	78	78 - 1 bdrm	Income based, must be elderly or disabled	30% of adjusted gross income	80% Median Income
Country View Place Heartland provides supportive services.	HUD, MHFA, Bremer, SWMHHP, City of Willmar SCDP, Federal Home Loan Ban	6	2 - 2 bdrm 2 - 3 bdrm 2 - 4 bdrm	Income based, disability, chronically homeless with children	30% of adjusted gross income	80% Median Income

### 2013 Income Limits

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Very Low (50%) Income Limits	\$22,650	\$25,800	\$29,150	\$32,300	\$34,900	\$37,500	\$40,100	\$42,650
Extremely Low (30%) Income Limits	\$13,600	\$15,550	\$17,500	\$19,400	\$21,000	\$22,550	\$24,100	\$25,650
Low (80%) Income Limits	\$36,200	\$41,400	\$46,550	\$51,700	\$55,850	\$60,000	\$64,150	\$68,250

## Willmar HRA Managed Properties (Owned by Third Party – 88 Units)

Property Name Comments	Total Units	Unit Types	Tenant Eligibility	Tenant Rent	Income Limits
West Central Mental Health Housing (scattered site single family housing)	12	10 – 1 bdrm 2 – 2 bdrm	Income based, mental illness	30% of adjusted gross income	50% Median Income
Dana Heights Apartments and Townhomes	48	4 – 1 bdrm 20 – 2 bdrm 24 – 3 bdrm	Income based	30% of adjusted gross income	60% Median Income
Westwind Townhomes	28	14 – 2 bdrm 14 – 3 bdrm	Income based. Any 6 units must be supportive housing for homeless households with children whose head of household has a disability.	2 bed - \$470 3 bed - \$640	60% Median Income

### 2013 Income Limits

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person.	7 Person	8 Person
Very Low (50%) Income Limits	\$22,650	\$25,800	\$29,150	\$32,300	\$34,900	\$37,500	\$40,100	\$42,650
Extremely Low (30%) Income Limits	\$13,600	\$15,550	\$17,500	\$19,400	\$21,000	\$22,550	\$24,100	\$25,650
Low (80%) Income Limits	\$36,200	\$41,400	\$46,550	\$51,700	\$55,850	\$60,000	\$64,150	\$68,250

## Tenant-Based Rental Assistance Programs (148 Households)

(Portion of Household Rent Paid Directly To Private Landlord)

Program	Number of Households Assisted Monthly	Average HRA total paid to private landlords per month	Unit Payment Standards	Tenant Rent Portion	Tenant Eligibility
<b>Housing Choice Voucher Program (Section 8)</b>	50	\$17,843	0 bdrm= \$507 1 bdrm= \$510 2 bdrm= \$686 3 bdrm= \$858 4 bdrm= \$1071	30% of adjusted gross income	Max 50% median income, eligible citizenship status, satisfactory criminal background.
<b>Bridges</b> Serves Kandyohi, Lyon, McLeod, Meeker	12	\$4,174	Varies by County	30% of adjusted gross income	Max 50% median income, serious and persistent mental illness.
<b>Bridges to Bridges</b> Serves Chippewa, Cottonwood, Jackson, Kandyohi, Lyon, McLeod, Meeker, Redwood, Renville, Swift, Rock	72	\$22,044.24	Varies by County	30% of adjusted gross income	Max 50% median income, meet criteria for assertive community treatment.
<b>Rental Assistance/Shelter Plus Care</b> Serves Chippewa, Cottonwood, Jackson, Kandyohi, Lyon, McLeod, Meeker, Redwood, Renville, Swift, Rock	12	\$5,623.68	Varies by County	30% of adjusted gross income	Max 50% median income, homeless single person with a disability and meet criteria for Assertive Community Treatment.
<b>Bridges RTC</b> Serves Chippewa, Cottonwood, Jackson, Kandyohi, Lyon, McLeod, Meeker, Redwood, Renville, Swift, Rock	2	\$761.00	Varies by County	30% of adjusted gross income	Max 50% median income, homeless single person with a disability and meet criteria for Assertive Community Treatment.

# Property Improvement Programs

## 2012 Small Cities Development Program

Activity	SCDP Assistance Provided	Eligibility Requirements	Number of units to be assisted	Total Small Cities Dollars
Homeowner Occupied Rehab - Willmar	10 year deferred loans forgivable as long as the homeowner lives in the home for 10 years. Total amount is repaid if owner moves or transfers title prior to ten years.	Maximum household income of 80% Area Median Income	14	210,000
Homeowner Occupied Rehab - Raymond	10 year deferred loans forgivable as long as the homeowner lives in the home for 10 years. Total amount is repaid if owner moves or transfers title prior to ten years.	Maximum household income of 80% Area Median Income	18	270,000
Commercial Rehab - Willmar	Max per building limited to the lesser of 66% of rehab costs or \$40,000 from the combined loans: 1) 0%, 7 yr forgivable loans, max \$30,000 but not to exceed 50% of total rehab costs. 2) 0%, 10 yr loans, monthly payments, max \$12,000 but not to exceed 20% of total rehab costs.	Building must be located in downtown Willmar.	8	267,800
Rental Rehab - Willmar	Max per building limited to 75% of rehab costs or \$12,000 from the combined loans: 1) 0%, 10 yr forgivable loans, max \$8,000 per unit or 50% of rehab costs. 2) 0% 10 yr deferred loan, max \$4,000 per unit or 25% of rehab costs.	51% of rental units in the structure must be occupied by household at or below 80% AMI. Property owner must agree to rent unit to LMI Households at affordable rent levels (Section 8 Payment Standards) for 10 years.	17	196,350
<b>TOTAL</b>			<b>57</b>	<b>\$944,150</b>

**Minnesota Housing Rehabilitation Loan Programs**

<b>Activity</b>	<b>Assistance Provided</b>	<b>Eligibility Requirements</b>
<p><b>Homeowner Rehabilitation Loan Program</b></p>	<p>0%, 15 year forgivable loans to Kandiyohi County homeowners. Must occupy the property as principal place of residence for loan term in order to be forgiven.</p> <p>Maximum \$24,999 loan plus \$10,000 additional if lead hazard reduction needs to be completed.</p>	<p>Maximum household income of 80% Area Median Income.</p> <p>Must occupy property 6 months prior to loan application.</p> <p>Must be current on mortgage, taxes and insurance.</p> <p>Must be unable to obtain financing under equivalent terms elsewhere.</p> <p>Total assets of \$25,000 excluding value of structure to be improved after deducting outstanding indebtedness to assets.</p>
<p><b>Emergency and Accessibility Loan Program</b></p>	<p>0%, 15 year forgivable loans to Kandiyohi County homeowners. Must occupy the property as principal place of residence for loan term in order to be forgiven.</p> <p>Maximum \$15,000 loan, minimum \$1,000</p>	<p>Maximum household income of 80% Area Median Income.</p> <p>Funds must address emergency conditions in the home or essential accessibility needs for a disabled resident. Emergency conditions are defined as property damage beyond the homeowner's control or that are necessitated by a system or structural failure that has caused or could cause the home to be uninhabitable.</p> <p>Must occupy property 6 months prior to loan application.</p> <p>Must be current on mortgage, taxes and insurance.</p> <p>Must be unable to obtain financing under equivalent terms elsewhere.</p> <p>Total assets of \$25,000 excluding value of structure to be improved after deducting outstanding indebtedness to assets.</p>

**Kural Development Intermediary Relending Program**

<p><b>Activity</b></p>	<p><b>Assistance Provided</b></p>	<p><b>Eligibility Requirements</b></p>
<p><b>Business Loan Program</b></p>	<p>1% under prime, 3-10 year loans to businesses in or locating to the Central Business District to fund up to 10% of total eligible costs to a maximum of \$150,000. Use of funds is further restricted to: 1/3 Operating, 1/3 Equipment, 1/3 Building/Real Estate.</p> <p>Applications are reviewed by a loan committee representative of the Willmar Design Center, Main Street Willmar, City of Willmar, Kandiyohi County and City of Willmar Economic Development Commission, local bank.</p>	<p>Recipient must certify he/she is unable to finance project from his/her own sources, commercial credit or other Federal/State/Local programs.</p> <p>Remaining funding needs must be obtained through other private sources.</p> <p>Projects must be consistent with the Willmar Design Center adopted principles/Willmar Downtown Vision and Main Street Willmar Design Guidelines</p>

**Security Deposit Loan Program**

<p><b>Activity</b></p>	<p><b>Assistance Provided</b></p>	<p><b>Eligibility Requirements</b></p>
<p><b>Security/Utility Deposit Loans</b></p>	<p>4%, 6 month loans for up to \$1,000 to renters living in Kandiyohi County to assist with paying security deposits to landlords or utility companies.</p>	<p>Favorable credit report and asset verification.</p>

# 2013 Budget

## Revenue

	FYE 6/30/13 Budget	FYE 6/30/13 Pre-Audit Income	FYE 6/30/13 Budget
Public Housing Operating	\$311,431.33	\$309,303.79	\$333,464.40
Public Housing Capital Funds	0.00	9,982.90	13,797.00
Section 8 Existing	20,600.00	21,245.35	20,400.00
Highland Apartments	100,562.39	95,331.75	98,497.64
Dana Heights Apartments	69,575.72	63,957.77	70,209.04
West Central Mental Health Housing	22,515.13	21,160.06	22,225.04
Westwind Townhomes	28,788.41	27,566.97	30,246.28
Shelter Plus Care	1,152.00	5,118.64	5,760.00
Shelter Plus Care II	3,840.00	1,146.96	0.00
Bridges	4,800.00	6,762.21	5,760.00
Bridges to Bridges	24,000.00	26,968.00	28,800.00
Bridges RTC	0.00	80.00	960.00
MHFA Loan Programs Administration	5,780.00	516.21	0.00
SCDP Administration	66,006.00	0.00	66,006.00
Revolving SCDP Loan Programs	150.00	-16,110.00	150.00
Downpayment Assistance Program	0	-189.28	0.00
Intermediary Relending Program	0	-20.00	0.00
Security Deposit Loan Program Income	100.00	150.00	100.00
Interest Income	3,000.00	1,306.07	1,000.00
Country View Place	22,642.77	21,829.29	21,902.41
Other Income	0	-135,657.26	0
KCHRA Income	57,021.00	17,439.81	29,916.00
<b>Tax Levy Request</b>	<b>170,000.00</b>	<b>170,870.30</b>	<b>170,000.00</b>
<b>Total Revenues</b>	<b>\$911,964.76</b>	<b>\$648,759.54</b>	<b>\$919,193.81</b>

Expenditures

	FYE 6/30/13 Budget	FYE 6/30/13 Pre-Audit Expenses	FYE 6/30/14 Budget
<b>Employees and Contracted Labor</b>			
Salaries/Wages	\$449,945.97	425,824.45	\$393,377.53
Employee Benefits	165,584.00	170,202.66	166,769.00
Contracted Services - KHRA Shared ED & staff	71,543.00	82,503.32	203,804.60
Contracted Services – Rehab Staff, Legal, Audit, Credit Services	107,915.40	20,765.40	43,400.00
<b>Subtotal</b>	<b>\$794,988.37</b>	<b>\$699,295.83</b>	<b>\$807,351.13</b>
<b>Office</b>			
Rent	28,000.00	26,616.72	28,000.00
Office Supplies/Postage	19,000.00	17,505.27	19,000.00
Maintenance of Office Equipment	16,350.00	14,511.96	16,350.00
Furniture/Computer Upgrade	5,000.00	0.00	5,000.00
Communications/Website	4,000.00	2,463.70	3,500.00
Printing/Publishing/Advertising	2,000.00	1,327.00	2,000.00
<b>Subtotal</b>	<b>\$74,350.00</b>	<b>\$62,424.65</b>	<b>\$73,850.00</b>
<b>Other</b>			
Travel/Conferences/Training	5,000.00	2,692.62	5,000.00
Subscriptions/Memberships	3,000.00	4,860.05	3,000.00
Insurance	23,186.18	24,155.75	21,622.08
Misc: Background Screening, Bank Fees, Drop Box Fees, Schredding	6,000.00	5,485.23	6,000.00
Other Special Programs	5,000.00	24,049.00	0.00
<b>Subtotal</b>	<b>\$42,186.18</b>	<b>\$61,242.65</b>	<b>\$35,622.08</b>
<b>Total Expenditures</b>	<b>\$911,524.55</b>	<b>\$822,963.13</b>	<b>\$916,823.21</b>
<b>Provision For Reserve</b>	<b>\$440.21</b>	<b>\$-174,203.59</b>	<b>\$2,370.60</b>

### HRA Tax Levy History

Year	Statutory Limit	Requested and Council Approved
2005	\$116,081	\$116,081
2006	\$129,776	\$129,776
2007	\$141,796	\$141,796
2008	\$189,908	\$189,908
2009	\$194,554	\$170,000
2010	\$195,317	\$170,000
2011	\$199,951	\$170,000
2012	\$196,470	\$170,000
2013	\$198,505	\$170,000
2014	Statutory Limit \$197,904	Request \$170,000

### Thank You!

Services of the Willmar HRA are made possible by the tax support and cooperation of our community. In addition to the citizens of Willmar, we would like to recognize and thank the following for their assistance in our daily work to improve the quality of life for our community members:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>Willmar City Council</li> <li>Willmar City Departments</li> <li>Willmar Design Center</li> <li>Kandiyohi County/City of Willmar Economic Development Commission</li> <li>Willmar Lakes Area Chamber of Commerce</li> <li>Heartland Community Action Agency</li> <li>Kandiyohi County Departments</li> <li>Southwest Minnesota Adult Mental Health Consortium</li> <li>Southwest Minnesota Housing Partnership</li> <li>Minnesota Housing Finance Agency</li> <li>Minnesota Department of Employment and Economic Development</li> <li>U.S. Department of Housing and Urban Development</li> <li>U.S. Department of Agriculture – Rural Development</li> </ul> | <ul style="list-style-type: none"> <li>Safe Avenues</li> <li>Central Minnesota Senior Care</li> <li>Salvation Army</li> <li>Woodland Centers</li> <li>Local Banks</li> <li>Local Contractors</li> <li>Local Landlords</li> <li>Local Businesses</li> </ul> |
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DRAFT-NOT COMMISSION APPROVED

Electric Summary	2012		2013		2013		2014		2015	
	Actual 12 months	Actual 8 months	Budget 12 months	Estimated 12 months	Estimated 12 months	Estimated 12 months	Estimated 12 months	Change	Change	Change
<b>Operating revenues</b>										
Residential	7,473,729	5,101,918	7,806,900	7,450,000	7,524,500	7,599,745	(23,729)	74,500	75,245	
Commercial/industrial	19,025,053	12,688,178	19,385,700	19,014,400	19,299,100	19,588,071	(10,653)	284,700	288,971	
Energy acquisition/fuel adj	0	(1)	0	0	0	0	0	0	0	
Miscellaneous	235,852	170,018	252,300	227,841	224,500	224,500	(8,011)	(3,341)	0	
<b>Total operating revenues</b>	<b>26,734,634</b>	<b>17,960,113</b>	<b>27,444,900</b>	<b>26,692,241</b>	<b>27,048,100</b>	<b>27,412,316</b>	<b>(42,333)</b>	<b>355,859</b>	<b>364,216</b>	
							-0.2%	1.3%	1.3%	
<b>Operating expenses</b>										
Production operation	3,052,185	1,185,000	3,404,700	2,426,800	3,070,700	3,073,000	(625,385)	643,900	2,300	
Production maintenance	662,323	870,862	1,158,700	1,238,100	1,088,219	997,219	575,777	(149,881)	(91,000)	
Purchased power	12,504,618	9,372,442	14,091,300	14,065,130	14,737,911	14,904,679	1,560,512	672,781	166,768	
Transmission operation	155,069	104,968	142,000	156,555	182,753	182,753	1,486	26,198	0	
Transmission maintenance	135,165	15,990	91,500	33,849	196,937	58,598	(101,317)	163,089	(138,339)	
Distribution operation	579,992	386,901	575,400	557,100	632,419	635,619	(22,892)	75,319	3,200	
Distribution maintenance	380,343	269,883	429,800	333,166	404,400	408,800	(47,177)	71,234	4,400	
Customer service/energy services	459,352	304,248	542,000	481,495	519,485	522,725	22,143	37,990	3,240	
General & administrative	2,706,683	1,927,197	2,913,800	2,887,917	2,882,688	2,946,391	181,234	(5,229)	63,703	
Depreciation	1,693,294	1,188,288	1,713,000	1,782,432	1,894,992	2,138,660	89,138	112,560	243,668	
<b>Total operating expenses</b>	<b>22,329,024</b>	<b>15,625,779</b>	<b>25,062,200</b>	<b>23,962,544</b>	<b>25,610,504</b>	<b>25,868,445</b>	<b>1,633,520</b>	<b>1,647,961</b>	<b>257,940</b>	
							6.8%	6.4%	1.0%	
<b>Operating income</b>	<b>4,405,610</b>	<b>2,334,334</b>	<b>2,382,700</b>	<b>2,729,697</b>	<b>1,437,596</b>	<b>1,543,871</b>	<b>(1,675,913)</b>	<b>(1,292,102)</b>	<b>106,275</b>	
Other income	347,925	168,809	164,300	255,258	282,164	293,784	(92,667)	26,906	11,620	
Other expense	(351,035)	(224,016)	(350,800)	(341,238)	(326,606)	(311,381)	9,797	14,632	15,225	
<b>Net earnings</b>	<b>4,402,500</b>	<b>2,279,127</b>	<b>2,196,200</b>	<b>2,643,717</b>	<b>1,393,154</b>	<b>1,526,274</b>	<b>(1,758,783)</b>	<b>(885,973)</b>	<b>(669,926)</b>	
Intragovernmental transfer	1,727,738	1,173,240	1,759,800	1,796,016	1,867,856	1,942,571	68,278	71,841	74,714	
<b>Retained earnings</b>	<b>2,674,762</b>	<b>1,105,887</b>	<b>436,400</b>	<b>847,702</b>	<b>(474,703)</b>	<b>(416,297)</b>	<b>(1,827,060)</b>	<b>(1,322,404)</b>	<b>58,406</b>	
	10%	6%	2%	3%	-2%	-2%				

DRAFT-NOT COMMISSION APPROVED

Water	Summary	2012		2013		2013		2014		2015	
		Actual 12 months	Actual 8 months	Budget 12 months	Estimated 12 months	Estimated 12 months	Estimated 12 months	Change	Change	Change	Change
	<b>Operating revenues</b>										
	Residential	1,141,174	720,126	1,081,000	1,076,100	1,055,000	1,035,000	(65,074)	(21,100)	(20,000)	
	Commercial/industrial	944,819	609,335	930,000	921,600	910,000	900,000	(23,219)	(11,600)	(10,000)	
	Energy acquisition/fuel adj	0	0	0	0	0	0	0	0	0	
	Miscellaneous	77,162	31,884	79,400	79,500	84,800	85,900	2,338	5,300	1,100	
	<b>Total operating revenues</b>	<b>2,163,155</b>	<b>1,361,345</b>	<b>2,090,400</b>	<b>2,077,200</b>	<b>2,049,800</b>	<b>2,020,900</b>	<b>(85,955)</b>	<b>(27,400)</b>	<b>(28,900)</b>	<b>-1.4%</b>
								<b>-4.1%</b>	<b>-1.3%</b>	<b>-1.4%</b>	
	<b>Operating expenses</b>										
	Production operation	263,247	152,855	254,000	263,700	260,900	270,600	453	(2,800)	9,700	
	Production maintenance	103,008	40,433	112,400	110,200	106,800	106,800	7,192	(3,400)	0	
	Purchased power	122,867	82,880	139,000	139,000	147,000	147,000	16,133	8,000	0	
	Transmission operation	0	0	0	0	0	0	0	0	0	
	Transmission maintenance	0	0	0	0	0	0	0	0	0	
	Distribution operation	145,113	107,030	139,800	161,900	163,500	163,500	16,787	1,600	0	
	Distribution maintenance	127,002	64,796	126,800	103,000	106,600	108,900	(24,002)	3,600	2,300	
	Customer service/energy services	164,689	114,487	188,800	183,560	203,880	203,720	18,871	20,320	(160)	
	General & administrative	468,719	356,888	549,200	522,238	535,541	558,270	53,519	13,303	22,729	
	Labor growth reduction	0	0	0	0	0	0	0	0	0	
	Depreciation	374,977	219,946	288,300	317,236	338,386	362,475	(57,742)	21,151	24,089	
	<b>Total operating expenses</b>	<b>1,769,622</b>	<b>1,139,315</b>	<b>1,798,300</b>	<b>1,800,834</b>	<b>1,862,607</b>	<b>1,921,266</b>	<b>31,212</b>	<b>61,774</b>	<b>58,658</b>	
								<b>1.7%</b>	<b>3.3%</b>	<b>3.1%</b>	
	<b>Operating income</b>	<b>393,533</b>	<b>222,030</b>	<b>292,100</b>	<b>276,366</b>	<b>187,193</b>	<b>99,634</b>	<b>(117,167)</b>	<b>(89,174)</b>	<b>(87,558)</b>	
	Other income	22,416	17,256	15,800	17,200	28,800	30,200	(5,216)	11,600	1,400	
	Other expense	(22,530)	(11,883)	(17,800)	(17,800)	(13,590)	(8,459)	4,730	4,210	5,131	
	<b>Net earnings</b>	<b>393,419</b>	<b>227,402</b>	<b>290,100</b>	<b>275,766</b>	<b>202,403</b>	<b>121,375</b>	<b>(117,653)</b>	<b>(73,364)</b>	<b>(81,027)</b>	
	Intragovernmental transfer	143,911	91,252	136,900	139,690	145,278	151,089	(4,221)	5,588	5,811	
	<b>Retained earnings</b>	<b>249,508</b>	<b>136,150</b>	<b>153,200</b>	<b>136,076</b>	<b>57,125</b>	<b>(29,714)</b>	<b>(113,432)</b>	<b>(78,951)</b>	<b>(86,838)</b>	
		<b>12%</b>	<b>10%</b>	<b>7%</b>	<b>7%</b>	<b>3%</b>	<b>-1%</b>				



DRAFT-NOT COMMISSION APPROVED

Combined Summary	2012	2013	2013	2013	2014	2015	2013	2014	2015
	Actual 12 months	Actual 8 months	Budget 12 months	Estimated 12 months	Estimated 12 months	Estimated 12 months	Change	Change	Change
<b>Operating revenues</b>									
Residential	8,701,746	5,915,320	9,003,900	8,642,900	8,691,500	8,744,745	(58,846)	48,600	53,245
Commercial/industrial	20,685,788	13,896,880	21,122,200	20,763,800	21,009,100	21,288,071	78,012	245,300	278,971
Energy acquisition/fuel adj	0	(36,623)	0	(36,622)	89,900	100,300	(36,622)	126,522	10,400
Miscellaneous	317,519	204,688	335,700	311,541	313,500	314,600	(5,978)	1,959	1,100
<b>Total operating revenues</b>	<b>29,705,053</b>	<b>19,980,255</b>	<b>30,461,800</b>	<b>29,681,619</b>	<b>30,104,000</b>	<b>30,447,716</b>	<b>(23,434)</b>	<b>422,381</b>	<b>343,716</b>
							-0.1%	1.4%	1.1%
<b>Operating expenses</b>									
Production operation	3,315,432	1,337,937	3,658,700	2,690,600	3,331,700	3,343,700	(624,832)	641,100	12,000
Production maintenance	765,827	914,294	1,287,100	1,365,000	1,211,719	1,120,719	599,173	(153,281)	(91,000)
Purchased power	12,923,522	9,784,425	14,629,800	14,657,630	15,350,411	15,517,179	1,734,108	692,781	166,768
Transmission operation	155,069	104,968	142,000	156,555	182,753	182,753	1,486	26,198	0
Transmission maintenance	135,165	15,990	91,500	33,849	196,937	58,598	(101,317)	163,089	(138,339)
Distribution operation	782,237	510,261	782,400	743,700	820,419	823,619	(38,537)	76,719	3,200
Distribution maintenance	532,610	373,106	606,200	510,866	579,700	584,000	(21,744)	68,834	4,300
Customer service/energy services	632,275	424,459	740,200	674,233	733,559	736,631	41,958	59,326	3,072
General & administrative	3,300,393	2,379,255	3,609,500	3,649,419	3,661,040	3,653,534	249,026	11,622	92,494
Depreciation	2,308,454	1,541,438	2,195,400	2,299,474	2,433,667	2,704,951	(8,981)	134,194	271,284
<b>Total operating expenses</b>	<b>24,850,984</b>	<b>17,385,133</b>	<b>27,742,800</b>	<b>26,681,325</b>	<b>28,401,906</b>	<b>28,725,684</b>	<b>1,830,341</b>	<b>1,720,581</b>	<b>323,779</b>
							6.9%	6.1%	1.1%
<b>Operating income</b>	<b>4,854,069</b>	<b>2,594,132</b>	<b>2,719,000</b>	<b>3,000,294</b>	<b>1,702,094</b>	<b>1,722,031</b>	<b>(1,853,775)</b>	<b>(1,298,200)</b>	<b>19,937</b>
Other income	387,196	198,988	192,400	285,458	332,384	346,384	(101,738)	46,928	14,000
Other expense	(373,565)	(235,899)	(368,600)	(359,038)	(340,196)	(319,840)	14,527	18,842	20,356
<b>Net earnings</b>	<b>4,867,700</b>	<b>2,557,221</b>	<b>2,542,800</b>	<b>2,926,714</b>	<b>1,694,282</b>	<b>1,748,575</b>	<b>(1,940,986)</b>	<b>(1,232,432)</b>	<b>54,293</b>
Intragovernmental transfer	1,918,820	1,303,600	1,955,400	1,995,573	2,075,395	2,158,412	76,753	79,823	83,016
<b>Retained earnings</b>	<b>2,948,880</b>	<b>1,253,621</b>	<b>587,400</b>	<b>931,141</b>	<b>(381,114)</b>	<b>(409,837)</b>	<b>(2,017,739)</b>	<b>(1,312,255)</b>	<b>(28,723)</b>
	10%	6%	2%	3%	-1%	-1%			

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No.	Description	Priority (1-3)	Total Cost	2014	2015	2016	2017	2018	Funded Projects 2014	Other Funding/ Carryover
<b>Power Production:</b>										
1	Coal area runoff control	2	125,000	125,000	0	0	0	0	125,000	JF
2	Diesel generator relocation	2	3,220,000	3,220,000	0	0	0	0	3,220,000	JS
3	Willmar distribution substation	2	1,940,000	0	0	970,000	970,000	0	0	JS
4	Cooling towers rebuild	2	467,500	467,500	0	0	0	0	467,500	JF
5	Substation communications upgrade	2	100,000	0	100,000	0	0	0	0	JS
6	Southwest substation battery bank	3	35,000	0	35,000	0	0	0	0	JS
7	Friam substation	2	3,000,000	1,500,000	1,500,000	0	0	0	1,500,000	JS
8	Tools & equipment (as needed) (>\$500 each)	2	5,000	5,000	0	0	0	0	5,000	JF
9	Power plant upgrade	3	16,000,000	0	2,000,000	14,000,000	0	0	0	0
	<b>Total power production</b>		<b>24,892,500</b>	<b>5,317,500</b>	<b>3,635,000</b>	<b>14,970,000</b>	<b>970,000</b>	<b>0</b>	<b>5,317,500</b>	<b>0</b>
	Priority 1		0	0	0	0	0	0	0	
	Priority 2		8,857,500	5,317,500	1,600,000	970,000	970,000	0	0	
	Priority 3		16,035,000	0	2,035,000	14,000,000	0	0	0	
	<b>Total</b>		<b>24,892,500</b>	<b>5,317,500</b>	<b>3,635,000</b>	<b>14,970,000</b>	<b>970,000</b>	<b>0</b>	<b>5,317,500</b>	<b>0</b>

Priority 1: Project or purchase must be done in year budgeted.  
 Priority 2: Project or purchase should be done in the year budgeted, if funding is available.  
 Priority 3: Project or purchase could be done in the year budgeted, if funding is available.

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No.	Description	Priority (1-3)	Total Cost	2014	2015	2016	2017	2018	Funded Projects 2014	Other Funding/ Carryover
<b>Electric Distribution</b>										
1	Hookups	1	24,900	4,200	4,800	4,900	5,500	5,500	4,200	
2	New street lights	2	10,300	1,700	2,000	2,000	2,300	2,300	1,700	
3	New security lights	1	2,000	400	400	400	400	400	400	
4	Residential additions	1	271,000	39,000	45,000	54,000	63,000	70,000	39,000	
5	Commercial customers	1	664,500	146,500	124,000	128,000	131,000	135,000	146,500	
6	U/G conversion projects	2	310,000	154,000	39,000	39,000	39,000	39,000	154,000	
7	Replace existing U/G primaries	1	802,000	99,000	165,000	172,000	180,000	186,000	99,000	
8	Commercial customer U/G improvement	2	109,000	35,000	30,000	14,500	14,500	15,000	35,000	
9	U/G feeder cable replacement	2	325,000	120,000	103,000	103,000	0	0	120,000	
10	U/G feeder line City 5 from Hwy 12 TO Hwy 40	2	167,000	167,000	0	0	0	0	167,000	
11	City Industrial Park distribution system	2	116,500	42,500	44,000	30,000	0	0	42,500	
12	Extend FDR 43 to east of airport	2	157,000	94,500	62,500	0	0	0	94,500	
13	Small U/G residential project areas	3	41,500	14,900	14,000	12,600	0	0	0	
14	Vehicle replacement	2	478,000	198,000	0	250,000	30,000	0	198,000	
15	U/G feeder & distribution south of Hwy 23/71 Bypass	1	400,000	400,000	0	0	0	0	400,000	
16	Line department & drafting/engineering tools	1	104,500	20,500	24,000	20,000	20,000	20,000	20,500	
17	LED street light testing	2	41,000	10,000	1,000	10,000	10,000	10,000	10,000	
18	East Hwy 12 Relocation	1	64,000	64,000	0	0	0	0	64,000	
19	12th Street SW extension	1	29,300	29,300	0	0	0	0	29,300	
Total electric distribution				4,118,500	1,640,500	658,700	840,400	493,200	1,625,600	0
Priority 1				2,362,200	802,900	363,200	379,300	399,900	416,900	
Priority 2				1,714,800	822,700	281,500	448,500	95,800	66,300	
Priority 3				41,500	14,900	14,000	12,600	0	0	
Total				4,118,500	1,640,500	658,700	840,400	493,200	1,625,600	0

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No.	Description	Priority (1 - 3)	Total Cost	2014	2015	2016	2017	2018	Funded Projects 2014	Other Funding/ Carryover
<u>Water &amp; Heating</u>										
1	Water meters	1	225,500	40,800	42,900	45,000	47,300	49,500	40,800	
2	Water vehicles	2	60,000	30,000	30,000	0	0	0	30,000	
3	Water plants life extension	2	8,725,400	127,900	661,000	3,967,600	3,968,900	0	127,900	
4	Water mains	1	580,000	140,000	110,000	110,000	110,000	110,000	140,000	
5	Heating meters	1	87,500	15,000	15,000	17,500	20,000	20,000	15,000	
6	Booster station life extension	2	108,800	0	51,800	0	57,000	0	0	
7	Well life extension	2	126,700	22,000	30,300	23,800	24,800	25,800	22,000	
8	Willmar water tower life extensor	2	100,000	0	0	0	0	100,000	0	
9	College watertower life extension	1	258,996	64,749	64,749	64,749	64,749	0	64,749	
<b>Total Water &amp; Heating</b>				<b>440,449</b>	<b>1,005,749</b>	<b>4,228,649</b>	<b>4,292,749</b>	<b>305,300</b>	<b>440,449</b>	<b>0</b>
Priority		1	1,151,996	260,549	232,649	237,249	242,049	179,500		
Priority		2	9,120,900	179,900	773,100	3,991,400	4,050,700	125,800		
Priority		3	0	0	0	0	0	0		
<b>Total</b>			<b>10,272,896</b>	<b>440,449</b>	<b>1,005,749</b>	<b>4,228,649</b>	<b>4,292,749</b>	<b>305,300</b>	<b>440,449</b>	<b>0</b>

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No.	Description	Priority (1-3)	Total Cost	2014	2015	2016	2017	2018	Funded Projects 2014	Other Funding/ Carryover
<b>General Administrative &amp; Meter</b>										
1	Computer hardware/software	2	245,000	35,000	50,000	75,000	35,000	50,000	35,000	MS
2	Office furniture & equipment	2	50,000	10,000	10,000	10,000	10,000	10,000	10,000	SW
3	Lead share receiver installations	2	250,000	50,000	50,000	50,000	50,000	50,000	50,000	DO
4	Property acquisition	2	450,000	50,000	100,000	100,000	100,000	100,000	50,000	SW
5	WMU Office/Garage Headquarters	2	8,500,000	0	0	1,000,000	2,500,000	5,000,000	0	WH
6	Automated meter reading	2	2,550,000	50,000	2,500,000	0	0	0	50,000	JS
7	Electric meters	1	335,000	55,000	55,000	75,000	75,000	75,000	55,000	SS
8	System Conversion project	1	593,300	495,975	97,325	0	0	0	495,975	MS
9	Service Center floor sweeper	2	8,000	8,000	0	0	0	0	8,000	SW
10	Meter reading vehicles	2	42,000	21,000	21,000	0	0	0	21,000	SS
<b>Total general administrative &amp; meter</b>				<b>13,023,300</b>	<b>774,975</b>	<b>2,883,325</b>	<b>1,310,000</b>	<b>2,770,000</b>	<b>774,975</b>	<b>0</b>
Priority 1			928,300	550,975	152,325	75,000	75,000	75,000		
Priority 2			12,095,000	224,000	2,731,000	1,235,000	2,695,000	5,210,000		
Priority 3			0	0	0	0	0	0		
<b>Total</b>				<b>13,023,300</b>	<b>774,975</b>	<b>2,883,325</b>	<b>1,310,000</b>	<b>2,770,000</b>	<b>774,975</b>	<b>0</b>

**Company Total**

	Total	2014	2015	2016	2017	2018
Power Production	24,892,500	5,317,500	3,635,000	14,970,000	970,000	0
Electric Distribution	4,118,500	1,640,500	658,700	840,400	495,700	483,200
Water & Heating	10,272,896	440,449	1,005,749	4,228,649	4,292,749	305,300
General, Administrative & Meter	13,023,300	774,975	2,883,325	1,310,000	2,770,000	5,285,000
<b>TOTAL</b>	<b>52,307,196</b>	<b>8,173,424</b>	<b>8,182,774</b>	<b>21,349,049</b>	<b>8,528,449</b>	<b>6,073,500</b>
Priority 1	4,442,496	1,614,424	748,174	691,549	716,949	671,400
Priority 2	31,788,200	6,544,100	5,385,600	6,644,900	7,811,500	5,402,100
Priority 3	16,076,500	14,900	2,049,000	14,012,600	0	0
Total	52,307,196	8,173,424	8,182,774	21,349,049	8,528,449	6,073,500

**Sources:**

	Total	2014	2015	2016	2017	2018
Cash flow	4,289,268	2,023,554	2,265,714	0	0	0
Expansion Reserve	0	0	0	0	0	0
Water Plant Construction Reserve	0	0	0	0	0	0
Generation Construction Reserve	0	0	0	0	0	0
Transmission Construction Reserve	0	0	0	0	0	0
Other financing requirement	0	0	0	0	0	0
Other financing	0	0	0	0	0	0
<b>Total</b>	<b>4,289,268</b>	<b>2,023,554</b>	<b>2,265,714</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Reserves (end of year)*

	2013	2014	2015	2016	2017	2018
Expansion Reserve	100,000	100,000	100,000	100,000	100,000	100,000
Water Plant Construction Reserve	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Generation Construction Reserve	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Transmission Construction Reserve	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total	7,100,000	8,100,000	8,100,000	8,100,000	8,100,000	8,100,000

To: City of Willmar

From: Mike Schramm  
Bill Fenske

Date: November 14, 2013

Subject: 2014 Forecast (Budget)

Attached is the 2014 Forecast which has been reviewed and supported by the Rice Memorial Hospital Finance Committee and is further being recommended to the Rice Memorial Hospital Board of Directors for adoption at the Board meeting on November 20<sup>th</sup>. The 2014 Forecast was developed based on a methodology of forecasting based on historical results and projected results. Volumes and statistics were converted from a monthly compilation to a quarterly compilation utilizing trends that were developed tracking activity back to 1<sup>st</sup> quarter 2008 through 3<sup>rd</sup> quarter 2013. A formula was created to trend the average of the most recent four quarters of actual activity to project the next quarter's forecasted activity which was continued through 4<sup>th</sup> quarter 2014.

This model will be continually updated immediately after quarterly activity is finalized. Updated assumptions and trends will project forecasts for the upcoming six quarters based on actual activity from the past 10-12 quarters. Adjustments will be necessary to more timely react to activity trends so that necessary interventions are made to adjust projected financial performance to previously approved key metrics (i.e. operating margin, days of cash, productivity, etc.).

**2014 Forecast:**

The various worksheets related to the 2014 Forecast are as follows:

- 2014 Forecasted Statistics & Volumes
- Consolidated Balance Sheet
- Income Statement
- Consolidated Cash Flow Statement
- Key Indicators
- 5-Year Capital Plan

A summary of Key Indicators are as follows:

Key Indicator	09/30/2013	2014 (5-Yr. Plan)	2014 Forecast	Benchmark
<b><u>Operational:</u></b>				
Operating Margin %	-2.2%	3.0%	2.0%	2.2%
Excess Margin %	-2.6%	4.4%	2.5%	2.8%
EBIDA	7.9%	15.0%	12.6%	10.8%

Rice is projecting a positive Operating Margin of 2.0% for 2014 compared to the current -2.2% for 2013 and the benchmark 2.2%. Excess Margin is projected at 2.5% compared to the current -2.6% and the benchmark 2.8%. EBIDA ratio is projected at 12.6% compared to current 2013 of 7.9% and the benchmark of 10.8%. All of the 2014 forecasted results are lower than the 5-Year Plan due to the now realized changes in payer mix shifts, declining reimbursement, and flat or soft volumes.

Key Indicator	09/30/2013	2014 (5-Yr. Plan)	2014 Forecast	Benchmark
<b>Financial:</b>				
Debt/Capitalization	42.1%	45.1%	43.3%	38.7%
Debt Service Coverage	2.0x	5.0x	3.2x	2.9x
Net Days in Receivables	56	50	46	46
Days of Cash	107	136	117	131
Unrestricted Cash/Debt	62%	70%	68%	87%

The Financial ratios are more closely aligned with current performance and the projected performance from the 5-Year Plan with the exception of Days of Cash. The Debt/Capitalization ratio continues to be less than the 45% threshold. Net Days in Receivables are projected to continue downward with a goal of achieving the benchmark next year. Days of Cash are projected to lag the 5-Year Plan amount of 136 substantially due to the 2013 financial performance which also negatively affects the Cash/Debt ratio.

Key Indicator	09/30/2013	2014 (5-Yr. Plan)	2014 Forecast	Benchmark
<b>Productivity:</b>				
FTE/Adj. Admit	14.7	14.3	14.4	14.9
FTE/Adj. Patient Day	4.2	4.1	4.1	4.4
Controllable Expense/Adj. Admit	\$8,114	\$8,477	\$7,922	
Compensation Ratio	51.9%	50.0%	51.0%	50%
Capital Expense Ratio	9.2%	9.3%	9.3%	6.9%
Care Center Hours/Resident Day	6.6	5.9	6.5	5.8
Sales/FTE-Home Medical	\$156,828	\$183,421	\$191,605	\$175,000

Productivity ratios are projected to be in line with current year, the 5-Year Plan projections, and the benchmarks. Although continued pressure will be necessary to keep FTE's down with the flat or declining volumes at the Hospital, control will be necessary to ensure that targets are met at the Care Center and Home Medical with the projected increases in volumes and activity.

### Process:

The building of the budget was based upon four major components; capital expenditures, statistical indicators, revenues & contractual allowances, and operating expenses.

### Capital:

The first step was to develop the capital expenditure budget. The purpose was to identify capital expenditures for next year related to new initiatives, new technology, or replacements. A multi-disciplinary committee was developed consisting of directors from across the organization. The committee reviewed the requests and then prioritized the requests based on the core goals and an internal rate of return. Once the capital budget is approved, only items greater than \$50,000 or unbudgeted items will be further reviewed during the year; otherwise, items approved in the budget or items less \$15,000 will be approved by the appropriate executive at the time of the request.

### Statistical Indicators:

A preliminary 2014 statistical forecast was drafted and sent to all directors for departmental review. The directors reviewed and in a few cases modified the 2014 statistical forecast and returned the statistics back to Finance. Revenue producing department statistics were converted from a monthly compilation to a quarterly compilation. Graphs were developed for each of these departments going back to 1<sup>st</sup> quarter 2008 through 3<sup>rd</sup> quarter 2013. Trends were identified and a formula was created to trend the average of the most recent four quarters of actual activity to project the next quarter's forecasted activity which was continued through 4<sup>th</sup> quarter 2014. Rice is projecting a slight increase in inpatient volumes in 2014 and stable or a slight decrease in most ancillary departments.

### Revenues & Contractual Allowances:

The final statistical indicators were utilized to determine revenues. Revenues were projected based on the projected volumes utilizing current year-to-date revenue per unit amounts and then projecting forward with a proposed 3% across the board rate increase. Net Patient Revenues were projected utilizing payer mix trends (a 1% point increase in government payers) and reimbursement trends from the past three quarters of activity and projected forward for the next five quarters ending 12/31/14. Contractual allowances were determined based on historical trends in terms of payor mix, the net revenue reimbursement rate, and projected reimbursement increases by major payer category (Medicare, Medicaid, Blue Cross, and Commercial). From these calculations and deducting these amounts from Total Patient Revenues, Net Patient Revenues were calculated.

As can be seen on the Income Statements, Total Operating Revenues are decreasing at the Hospital but increasing at the Care Center and Home Medical. Care Center activity is projected to be at full capacity starting in 3<sup>rd</sup> quarter 2014 once Projects D & F are completed in late spring. Home Medical revenues are expected to continue to increase at similar rates as 2013. Same store increases are projected to be in the 20%-25% range plus projected revenue increases from the completion of the store projects. Overall Consolidated Total Operating Revenues are projected to be flat in 2014 compared to projected 2013.

### Expenses:

The 2% cost reductions were incorporated into the 2013 and 2014 projections along with inflationary increases by expense category. Adjustments were then incorporated as to further expense reductions, productivity improvements, capital expenditures & interest costs, and other known or projected changes in the 2014 expense projections. Expense reductions were included related to staffing levels, purchased services, repairs & contracts, and education & travel. Capital costs were included to factor in the capital expenditures and the bond issues forthcoming.

**Major Initiatives:**

Estimates are included in the Capital Budget related to the work of the Hospital Space Committee planning. In addition, approved Care Center and Home Medical capital projects are incorporated into the 2014 Forecast.

**2014 Forecasted Statistics & Volumes**  
11/1/2013

Description	2006	2007	2008	2009	2010	2011	2012	2013 PROJ	2014 PROJ
Adult Health	11,506	10,867	9,427	8,636	8,184	9,086	8,452	8,046	8,086
<b>TOTAL</b>	<b>11,506</b>	<b>10,867</b>	<b>9,427</b>	<b>8,636</b>	<b>8,184</b>	<b>9,086</b>	<b>8,452</b>	<b>8,046</b>	<b>8,086</b>
RICE Inpatient	1,512	1,676	2,359	1,961	2,085	2,493	2,508	2,593	2,589
<b>TOTAL</b>	<b>1,512</b>	<b>1,676</b>	<b>2,359</b>	<b>1,961</b>	<b>2,085</b>	<b>2,493</b>	<b>2,508</b>	<b>2,593</b>	<b>2,589</b>
Women & Children's Care	3,736	3,826	3,453	3,330	3,251	3,478	3,013	2,982	2,955
<b>TOTAL</b>	<b>3,736</b>	<b>3,826</b>	<b>3,453</b>	<b>3,330</b>	<b>3,251</b>	<b>3,478</b>	<b>3,013</b>	<b>2,982</b>	<b>2,955</b>
Nursery	1,732	1,913	1,848	1,700	1,667	1,761	1,595	1,742	1,719
<b>TOTAL</b>	<b>1,732</b>	<b>1,913</b>	<b>1,848</b>	<b>1,700</b>	<b>1,667</b>	<b>1,761</b>	<b>1,595</b>	<b>1,742</b>	<b>1,719</b>
ICCU	1,285	1,164	941	893	818	956	780	771	771
<b>TOTAL</b>	<b>1,285</b>	<b>1,164</b>	<b>941</b>	<b>893</b>	<b>818</b>	<b>956</b>	<b>780</b>	<b>771</b>	<b>771</b>
Total Patient Days	18,039	17,533	16,929	14,005	12,623	13,238	12,255	12,346	12,357
Total Patient Days-Observation	1,715	2,776	1,715	815	1,715	2,776	2,498	2,046	2,049
<b>TOTAL</b>	<b>18,039</b>	<b>17,533</b>	<b>16,929</b>	<b>14,820</b>	<b>14,338</b>	<b>16,013</b>	<b>14,753</b>	<b>14,392</b>	<b>14,406</b>
Adjusted Patient Days	34,532	33,151	33,125	33,558	35,804	38,529	36,519	35,980	36,000
<b>TOTAL</b>	<b>34,532</b>	<b>33,151</b>	<b>33,125</b>	<b>33,558</b>	<b>35,804</b>	<b>38,529</b>	<b>36,519</b>	<b>35,980</b>	<b>36,000</b>
Adjusted Admits	9,497	8,996	8,947	8,971	10,120	10,963	10,325	10,225	10,305
<b>TOTAL</b>	<b>9,497</b>	<b>8,996</b>	<b>8,947</b>	<b>8,971</b>	<b>10,120</b>	<b>10,963</b>	<b>10,325</b>	<b>10,225</b>	<b>10,305</b>
Rice Care Center Days	24,925	24,651	24,188	24,252	24,100	24,031	26,531	23,089	25,386
<b>TOTAL</b>	<b>24,925</b>	<b>24,651</b>	<b>24,188</b>	<b>24,252</b>	<b>24,100</b>	<b>24,031</b>	<b>26,531</b>	<b>23,089</b>	<b>25,386</b>
Hemodialysis	6,329	6,793	7,858	7,702	7,689	7,848	8,016	7,311	7,308
<b>TOTAL</b>	<b>6,329</b>	<b>6,793</b>	<b>7,858</b>	<b>7,702</b>	<b>7,689</b>	<b>7,848</b>	<b>8,016</b>	<b>7,311</b>	<b>7,308</b>
Peritoneal Dialysis	2,133	2,563	2,230	1,311	538	835	1,139	2,467	2,559
<b>TOTAL</b>	<b>2,133</b>	<b>2,563</b>	<b>2,230</b>	<b>1,311</b>	<b>538</b>	<b>835</b>	<b>1,139</b>	<b>2,467</b>	<b>2,559</b>
Respiratory Therapy	27,231	25,064	30,037	28,592	28,268	27,699	20,982	20,801	20,064
Respiratory Therapy	11,249	10,389	4,628	4,886	6,478	4,873	7,917	7,703	7,767
Respiratory Therapy	38,480	35,453	34,291	33,704	34,744	32,572	28,879	28,504	27,831
<b>TOTAL</b>	<b>38,480</b>	<b>35,453</b>	<b>34,291</b>	<b>33,704</b>	<b>34,744</b>	<b>32,572</b>	<b>28,879</b>	<b>28,504</b>	<b>27,831</b>
Polysomnography	422	480	473	433	394	384	454	484	546
<b>TOTAL</b>	<b>422</b>	<b>480</b>	<b>473</b>	<b>433</b>	<b>394</b>	<b>384</b>	<b>454</b>	<b>484</b>	<b>546</b>
Delivery Room	792	885	866	824	813	813	765	826	816
<b>TOTAL</b>	<b>792</b>	<b>885</b>	<b>866</b>	<b>824</b>	<b>813</b>	<b>813</b>	<b>765</b>	<b>826</b>	<b>816</b>
Surgical Services	2,933	2,794	2,382	2,229	2,145	2,134	1,855	1,744	1,773
Surgical Services	3,154	3,214	4,117	3,929	4,367	4,461	4,167	4,364	4,125
Surgical Services	6,087	6,008	6,415	6,158	6,512	6,615	6,022	6,108	5,898
<b>TOTAL</b>	<b>6,087</b>	<b>6,008</b>	<b>6,415</b>	<b>6,158</b>	<b>6,512</b>	<b>6,615</b>	<b>6,022</b>	<b>6,108</b>	<b>5,898</b>
Emergency Services	2,048	1,806	2,047	2,196	2,074	2,254	2,049	2,072	2,088
Emergency Services	9,986	9,840	9,764	10,840	10,799	11,608	11,176	10,797	10,926
Emergency Services	12,034	11,746	11,591	12,936	12,873	13,862	13,225	12,869	13,014
<b>TOTAL</b>	<b>12,034</b>	<b>11,746</b>	<b>11,591</b>	<b>12,936</b>	<b>12,873</b>	<b>13,862</b>	<b>13,225</b>	<b>12,869</b>	<b>13,014</b>
ESD Physicians	10,264	10,091	9,857	10,873	11,457	13,614	12,188	11,993	12,102
<b>TOTAL</b>	<b>10,264</b>	<b>10,091</b>	<b>9,857</b>	<b>10,873</b>	<b>11,457</b>	<b>13,614</b>	<b>12,188</b>	<b>11,993</b>	<b>12,102</b>
Lab Clinical	78,400	80,952	79,912	83,363	75,988	77,760	63,478	63,390	63,937
Lab Clinical	122,268	122,505	131,950	151,858	160,348	166,553	162,969	148,921	149,490
Lab Clinical	200,668	203,457	211,862	235,221	236,336	244,313	226,447	212,311	213,327
<b>TOTAL</b>	<b>200,668</b>	<b>203,457</b>	<b>211,862</b>	<b>235,221</b>	<b>236,336</b>	<b>244,313</b>	<b>226,447</b>	<b>212,311</b>	<b>213,327</b>
Lab Pathology	2,976	3,039	2,261	1,988	1,914	1,651	1,372	1,459	1,404
Lab Pathology	43,921	44,955	46,952	48,071	46,590	45,864	46,914	42,968	41,373
Lab Pathology	46,897	47,994	49,213	50,069	47,803	48,515	48,286	44,427	42,837
<b>TOTAL</b>	<b>46,897</b>	<b>47,994</b>	<b>49,213</b>	<b>50,069</b>	<b>47,803</b>	<b>48,515</b>	<b>48,286</b>	<b>44,427</b>	<b>42,837</b>

Description	2005	2006	2007	2008	2009	2010	2011	2012	2013 PROJ.	2014 PROJ.
Lab Blood	12,476	13,819	12,123	11,389	10,189	8,238	7,777	6,283	5,715	5,678
Lab Blood	3,098	2,748	1,946	2,541	2,974	3,255	3,582	3,503	4,384	4,589
Lab Blood	15,574	16,565	14,069	13,930	13,163	11,493	11,359	9,786	10,099	10,275
Radiology Diagnostic	IP	3,111	2,681	2,717	2,782	2,710	2,562	2,360	2,142	2,154
Radiology Diagnostic	OP	10,378	9,567	9,166	8,127	7,244	6,660	6,023	5,840	5,907
Radiology Diagnostic	TOTAL	13,489	12,248	11,712	10,844	9,954	9,222	8,373	7,982	8,061
Radiation Therapy	TOTAL	6,501	7,262	8,222	6,842	6,473	6,647	6,811	5,099	4,893
Radiology Ultrasound	IP	1,036	983	948	1,041	1,081	1,045	874	899	903
Radiology Ultrasound	OP	3,382	3,407	3,194	2,732	3,312	1,910	1,877	1,780	1,818
Radiology Ultrasound	TOTAL	4,418	4,390	4,142	3,773	4,393	2,955	2,751	2,679	2,721
Mobile Ultrasound	TOTAL	5,282	4,387	3,820	3,586	2,659	371	364	324	327
Radiology CT Scan	IP	1,272	983	1,001	918	884	832	733	680	684
Radiology CT Scan	OP	4,619	3,988	3,996	3,983	4,657	4,447	4,507	4,287	4,374
Radiology CT Scan	TOTAL	5,891	4,971	4,997	4,901	5,541	5,279	5,240	4,967	5,058
Radiology Nuc Med	IP	133	151	114	205	253	316	319	238	231
Radiology Nuc Med	OP	415	457	417	548	643	1,246	1,171	883	852
Radiology Nuc Med	TOTAL	548	608	531	753	901	1,562	1,490	1,121	1,083
Medical Oncology	TOTAL	-	-	-	-	2,064	2,312	2,696	2,464	2,487
Cardio Health and Rehab	TOTAL	8,371	7,085	6,319	6,168	5,947	6,697	7,200	6,941	6,867
Physical Therapy	IP	7,567	7,491	6,289	5,729	4,567	4,740	4,354	4,831	4,830
Physical Therapy	OP	18,548	18,943	24,157	24,238	22,431	22,428	23,021	22,212	22,434
Physical Therapy	TOTAL	26,115	26,434	30,446	29,967	27,018	26,782	28,177	27,043	27,264
Occupational Therapy	IP	4,271	4,239	2,046	1,898	1,729	1,514	1,525	1,382	1,366
Occupational Therapy	OP	6,617	8,983	10,122	9,781	10,316	10,472	8,925	8,545	8,628
Occupational Therapy	TOTAL	10,888	13,222	12,168	11,679	12,045	11,986	10,350	9,927	9,994
Speech Therapy	IP	301	348	404	366	306	382	368	256	288
Speech Therapy	OP	2,321	2,495	3,052	3,102	2,896	3,804	5,495	6,940	7,047
Speech Therapy	TOTAL	2,622	2,843	3,456	3,468	3,202	4,186	5,863	7,195	7,335
Hospice	TOTAL	27,057	25,425	24,771	23,223	25,007	25,227	25,978	22,455	22,221
WOC (Wound, Ostomy, Continence)	TOTAL	158	511	958	1,003	2,059	4,633	5,894	6,569	6,987
RIO_Rice Institute Outpatient	IP	-	-	-	1,824	1,587	2,070	2,196	2,220	2,205
RIO_Rice Institute outpatient	OP	5,439	2,322	2,331	3,522	4,718	5,074	5,336	4,752	4,791
RIO_Rice Institute outpatient	TOTAL	5,439	2,322	2,331	5,346	6,305	7,144	7,531	6,972	6,996
Ambulance	TOTAL	1,652	1,766	2,016	2,127	2,288	2,678	2,623	2,648	2,652
Dental Clinic	TOTAL	-	-	-	6,207	6,693	7,370	8,109	7,952	7,701

	2007	2008	2009	2010	2011	2012	2013	2014
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
CASH AND CASH EQUIVALENTS	\$ 4,326,434	\$ 3,702,724	\$ 6,187,746	\$ 5,532,518	\$ 3,728,757	\$ 2,999,488	\$ 2,783,939	\$ 2,767,449
TRUSTEE BOND AGREEMENTS & CONSTRUCTION	2,132,754	2,065,451	2,300,481	2,195,297	2,130,440	2,393,907	2,332,991	2,432,991
ACCOUNTS RECEIVABLE NET	13,741,130	16,945,254	16,896,053	17,647,904	16,143,018	18,416,955	15,758,660	13,451,466
OTHER RECEIVABLES	1,242,796	2,355,375	1,005,000	717,723	521,975	626,156	404,888	425,132
INVENTORY	2,163,229	2,102,436	2,147,029	1,885,408	1,858,419	1,881,543	2,180,742	2,224,357
PREPAID EXPENSES	1,002,379	1,115,099	1,073,720	1,069,362	1,517,862	1,080,525	914,571	932,862
<b>TOTAL CURRENT ASSETS</b>	<b>24,608,722</b>	<b>28,286,339</b>	<b>29,610,029</b>	<b>29,048,212</b>	<b>25,900,471</b>	<b>27,398,574</b>	<b>24,375,791</b>	<b>22,234,258</b>
<b>ASSETS LIMITED AS TO USE</b>								
Held by Trustees - Bond Agreements & Const. Funds	3,730,910	3,730,910	3,730,910	3,730,910	3,731,642	3,181,089	3,181,089	3,181,089
Remainder Unitrust - Receivable	50,062		28,994	47,976	47,976	43,996	43,996	43,996
Specific Purpose Fund - Cash	161,467	480,790		0	0	0	0	0
Endowment Fund - Investments	2,560,782	2,042,635	2,329,870	2,525,627	2,466,271	2,616,990	2,840,263	2,982,276
<b>TOTAL ASSETS - USE IS LIMITED</b>	<b>6,503,221</b>	<b>6,254,335</b>	<b>6,089,774</b>	<b>6,304,513</b>	<b>6,245,889</b>	<b>5,842,075</b>	<b>6,065,348</b>	<b>6,207,361</b>
<b>PROPERTY PLANT &amp; EQUIPMENT</b>								
PROPERTY PLANT & EQUIPMENT	122,475,166	116,001,724	119,357,977	122,492,596	129,292,102	132,297,068	136,300,356	147,136,356
Less: Accumulated Depreciation	(51,594,788)	(48,340,411)	(54,467,665)	(60,811,022)	(67,522,491)	(72,741,611)	(76,216,669)	(84,611,249)
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	<b>70,880,378</b>	<b>67,661,313</b>	<b>64,889,412</b>	<b>61,681,574</b>	<b>61,769,611</b>	<b>59,555,457</b>	<b>60,083,687</b>	<b>62,525,107</b>
<b>OTHER ASSETS</b>								
INVESTMENTS	7,691,514	6,565,064	11,117,205	14,265,880	25,125,564	25,941,901	29,637,091	29,533,518
INVESTMENTS - SHARED HEALTH RESOURCES	439,627	427,386	404,781	400,054	411,413	425,186	460,000	480,000
INVESTMENTS - WILLMAR MEDICAL SERVICES	1,417,896	3,523,892	3,317,127	3,483,924	3,335,316	3,550,836	4,090,836	4,295,378
INVESTMENTS - OTHER		50,000	50,000	50,000	79,136	79,963	54,983	54,963
GOODWILL, NET	663,964	672,249	580,533	538,818	518,347	86,056	85,389	80,000
DEFERRED DEBT ACQUISITION COSTS & OTHER						200,398	185,410	166,869
<b>TOTAL OTHER ASSETS</b>	<b>10,213,001</b>	<b>11,180,591</b>	<b>15,469,746</b>	<b>18,737,676</b>	<b>29,469,776</b>	<b>30,284,274</b>	<b>34,513,689</b>	<b>34,610,728</b>
<b>TOTAL ASSETS</b>	<b>\$ 112,205,322</b>	<b>\$ 113,390,578</b>	<b>\$ 116,058,961</b>	<b>\$ 115,771,975</b>	<b>\$ 123,385,747</b>	<b>\$ 123,080,300</b>	<b>\$ 125,038,515</b>	<b>\$ 125,577,453</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
CURRENT MATURITIES OF LONG TERM DEBT	\$ 1,191,151	\$ 1,092,684	\$ 1,798,653	\$ 1,901,027	\$ 1,981,181	\$ 2,290,275	\$ 2,334,577	\$ 2,185,410
ACCOUNTS PAYABLE - TRADE	2,561,768	2,453,452	1,548,274	1,528,188	1,563,350	1,730,605	1,707,335	1,741,482
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	750,000	845,782	205,000	0	217,700	(29,504)	0	0
ACCRUED EXPENSES	8,672,192	10,724,239	12,309,740	12,210,743	13,200,661	13,082,428	12,305,327	12,551,434
<b>TOTAL CURRENT LIABILITIES</b>	<b>13,175,111</b>	<b>15,116,157</b>	<b>15,861,667</b>	<b>15,639,958</b>	<b>16,962,892</b>	<b>17,073,804</b>	<b>16,347,239</b>	<b>16,478,325</b>
LONG TERM DEBT (LESS CURRENT PORTION)	50,897,312	49,781,216	50,634,865	48,873,411	49,270,010	45,957,263	49,424,792	47,239,382
<b>TOTAL LIABILITIES</b>	<b>64,072,423</b>	<b>64,897,373</b>	<b>66,496,532</b>	<b>64,513,369</b>	<b>66,232,902</b>	<b>63,031,067</b>	<b>65,772,031</b>	<b>63,717,707</b>
<b>RESTRICTED FUNDS</b>								
DEBT SERVICE AND RESERVE	3,730,910	3,730,910	3,730,910	3,730,910	3,552,250	3,181,089	3,181,089	3,181,089
SPECIFIC PURPOSE FUND	211,529	480,790	242,951	368,042	74,593	88,338	289,726	289,726
PERMANENT ENDOWMENT	2,560,782	2,042,635	2,329,870	2,525,627	2,466,271	2,616,990	2,840,263	2,982,276
CURRENT YEAR INCOME			0	0	0	0	(2,060,762)	2,451,249
UNRESTRICTED NET ASSETS	41,629,678	42,238,870	43,258,699	44,634,028	51,059,731	54,162,895	55,016,168	52,955,406
<b>TOTAL NET ASSETS</b>	<b>48,132,899</b>	<b>48,493,205</b>	<b>49,562,430</b>	<b>51,258,607</b>	<b>57,152,845</b>	<b>60,049,312</b>	<b>59,266,484</b>	<b>61,859,746</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 112,205,322</b>	<b>\$ 113,390,578</b>	<b>\$ 116,058,962</b>	<b>\$ 115,771,976</b>	<b>\$ 123,385,747</b>	<b>\$ 123,080,379</b>	<b>\$ 125,038,515</b>	<b>\$ 125,577,453</b>

# 2014 Forecast Income Statement

11/1/2013

## Consolidated

	2008	2009	2010	2011	2012	2013 Projected	2014 Forecast
Inpatient Revenue	\$ 68,928,680	\$ 63,085,598	\$ 60,784,542	\$ 66,088,084	\$ 60,874,196	\$ 62,626,044	\$ 64,352,969
Outpatient Revenue	72,306,735	88,804,545	111,787,553	126,052,247	120,441,357	120,067,076	122,213,328
Rice Care Center Revenue	4,601,454	5,021,223	5,344,141	5,874,651	9,504,099	10,191,967	11,372,448
Rice Home Medical Revenue	9,726,761	9,168,107	10,191,996	10,384,359	10,467,284	12,347,651	16,759,684
<b>Total Patient Revenue</b>	<b>155,563,630</b>	<b>156,079,473</b>	<b>188,108,232</b>	<b>208,399,341</b>	<b>201,286,936</b>	<b>205,232,737</b>	<b>214,698,428</b>
Less Contractual Allowances	(69,924,662)	(76,640,677)	(88,995,761)	(101,844,791)	(96,083,371)	(102,492,072)	(107,963,968)
<b>Net Revenue from Patients</b>	<b>85,638,968</b>	<b>89,438,796</b>	<b>99,112,471</b>	<b>106,554,550</b>	<b>105,203,565</b>	<b>102,740,665</b>	<b>106,734,460</b>
Other Operating Revenue	15,254,285	15,629,706	16,349,445	17,329,888	17,571,197	16,573,940	17,424,425
Less WMS Operating Revenue	(11,540,089)	(12,123,394)	(19,645,355)	(21,315,935)	(20,785,386)	(22,745,410)	(25,767,205)
<b>Total Operating Revenue</b>	<b>89,353,164</b>	<b>92,945,109</b>	<b>95,816,561</b>	<b>102,568,304</b>	<b>101,989,376</b>	<b>96,569,195</b>	<b>98,391,680</b>
<b>OPERATING EXPENSES</b>							
<b>SALARIES AND WAGES</b>	<b>42,764,029</b>	<b>42,998,588</b>	<b>44,062,322</b>	<b>44,885,891</b>	<b>44,950,172</b>	<b>45,825,582</b>	<b>45,430,065</b>
CONTRACT LABOR	-	971,386	2,312,756	2,153,267	3,945,353	3,582,631	3,589,046
SUPPLEMENTAL BENEFITS	12,099,968	11,890,419	12,887,440	12,735,818	13,418,873	13,751,844	13,729,629
SUPPLIES	10,840,485	10,880,371	11,952,962	12,139,676	11,884,945	11,792,641	13,083,828
DRUGS	2,895,211	3,125,237	6,536,881	7,084,245	8,389,845	7,249,216	7,202,904
PURCHASED SERVICES	6,818,832	6,328,841	6,288,187	7,093,324	7,185,504	6,385,435	4,872,602
REPAIRS, SERVICE & RENTALS	3,023,830	3,296,336	3,264,743	3,051,829	3,096,613	3,253,778	3,136,022
UTILITIES	1,488,845	1,519,233	1,566,136	1,614,847	1,649,567	1,740,290	1,787,547
INSURANCE	464,789	475,737	528,896	618,350	708,521	737,306	779,434
PATIENT RELATED TRAVEL	406,062	385,706	402,361	435,763	482,023	450,198	414,958
EDUCATION, TRAVEL, & DUES	783,202	793,485	864,556	919,977	963,879	955,533	876,917
OTHER	294,313	401,558	467,617	480,645	560,874	358,696	444,386
DEPRECIATION AND AMORT	8,004,657	7,379,433	7,279,117	7,362,417	7,952,550	7,903,366	8,394,580
INTEREST	2,543,081	2,567,037	2,541,519	2,504,714	1,682,029	1,661,271	1,835,270
BAD DEBTS	1,778,587	1,818,139	2,130,722	2,008,831	2,015,332	1,684,086	1,684,235
TAXES & SURCHARGE	1,707,814	1,798,029	1,846,658	2,074,809	2,097,380	2,184,282	2,145,030
<b>TOTAL OPERATING EXPENSES</b>	<b>95,303,695</b>	<b>96,627,335</b>	<b>104,932,872</b>	<b>107,174,403</b>	<b>110,923,460</b>	<b>109,517,153</b>	<b>109,408,464</b>
<b>Less: WMS Expenses</b>	<b>(5,436,281)</b>	<b>(4,087,590)</b>	<b>(8,957,967)</b>	<b>(9,162,896)</b>	<b>(10,409,657)</b>	<b>(11,271,394)</b>	<b>(13,018,760)</b>
<b>Net Operating Expenses</b>	<b>89,867,414</b>	<b>92,539,745</b>	<b>95,974,905</b>	<b>98,011,507</b>	<b>100,513,803</b>	<b>98,245,759</b>	<b>96,387,705</b>
<b>Net Operating Income (Loss)</b>	<b>(514,250)</b>	<b>405,364</b>	<b>(158,344)</b>	<b>4,556,797</b>	<b>1,475,573</b>	<b>(1,676,564)</b>	<b>2,003,975</b>
Non-Operating Revenue	714,420	566,964	1,241,176	1,449,824	955,023	(384,188)	447,273
<b>Net Income (Loss)</b>	<b>\$ 200,170</b>	<b>\$ 962,328</b>	<b>\$ 1,082,832</b>	<b>\$ 6,006,621</b>	<b>\$ 2,430,596</b>	<b>\$ (2,060,762)</b>	<b>\$ 2,451,249</b>

# 2014 Forecast

## Income Statement

11/1/2013

### Consolidated

	2008	2009	2010	2011	2012	2013	2014		2009/2008	2010/2009	2011/2010	2012/2011	2013/2012	2014/2013	
% of Total Operating Revenue															
Inpatient Revenue	44.3%	38.0%	32.3%	31.7%	30.2%	30.5%	30.0%		-8.5%	-3.6%	8.7%	-7.9%	2.9%	2.8%	
Outpatient Revenue	46.5%	53.5%	59.4%	60.5%	59.8%	58.5%	56.9%		22.8%	25.9%	12.8%	-4.5%	-0.3%	1.8%	
Rice Care Center Revenue	-3.0%	3.0%	2.8%	2.8%	4.7%	5.0%	5.3%		9.1%	6.4%	9.9%	61.8%	7.2%	11.6%	
Rice Home Medical Revenue	6.3%	5.5%	5.4%	5.0%	5.2%	6.0%	7.8%		-5.7%	11.2%	1.9%	0.8%	18.0%	35.7%	
<b>Total Patient Revenue</b>	<b>100.0%</b>		<b>6.8%</b>	<b>13.3%</b>	<b>10.8%</b>	<b>-3.4%</b>	<b>2.0%</b>	<b>4.6%</b>							
Less Contractual Allowances	-44.9%	-46.1%	-47.3%	-48.9%	-47.7%	-49.9%	-50.3%		9.6%	16.1%	14.4%	-5.7%	6.7%	5.3%	
<b>Net Revenue from Patients</b>	<b>55.1%</b>	<b>53.9%</b>	<b>52.7%</b>	<b>51.1%</b>	<b>52.3%</b>	<b>50.1%</b>	<b>49.7%</b>		<b>4.4%</b>	<b>10.8%</b>	<b>7.5%</b>	<b>-1.3%</b>	<b>-2.3%</b>	<b>3.9%</b>	
Other Operating Revenue	9.8%	9.4%	8.7%	8.3%	8.7%	8.1%	8.1%		2.5%	4.6%	6.0%	1.4%	-5.7%	5.1%	
<b>Less WMS Operating Revenue</b>															
<b>Total Operating Revenue</b>	<b>64.9%</b>	<b>63.3%</b>	<b>61.4%</b>	<b>59.4%</b>	<b>61.0%</b>	<b>58.1%</b>	<b>57.8%</b>		<b>4.0%</b>	<b>3.1%</b>	<b>7.0%</b>	<b>-0.6%</b>	<b>-5.3%</b>	<b>1.9%</b>	
<b>OPERATING EXPENSES</b>															
SALARIES AND WAGES	47.9%	46.3%	46.0%	43.8%	44.1%	47.5%	46.2%		0.5%	2.5%	1.9%	0.1%	1.9%	-0.9%	
CONTRACT LABOR	0.0%	1.0%	2.4%	2.1%	3.9%	3.7%	3.6%	#DIV/0!	138.1%	-6.9%	83.2%	-9.2%	0.2%	0.2%	
SUPPLEMENTAL BENEFITS	13.5%	12.8%	13.5%	12.4%	13.2%	14.2%	14.0%		-1.7%	8.4%	-1.2%	5.4%	2.5%	-0.2%	
SUPPLIES	11.9%	11.7%	12.5%	11.8%	11.7%	12.2%	13.3%		2.3%	9.9%	1.6%	-2.1%	-0.8%	10.9%	
DRUGS	3.0%	3.4%	6.8%	6.9%	8.2%	7.5%	7.3%		16.4%	109.2%	8.4%	18.4%	-13.6%	-0.6%	
PURCHASED SERVICES	7.4%	6.8%	6.6%	6.9%	7.0%	6.6%	5.0%		-4.4%	-0.6%	12.8%	1.3%	-11.1%	-23.7%	
REPAIRS, SERVICE & RENTALS	3.4%	3.5%	3.4%	3.0%	3.0%	3.4%	3.2%		9.0%	-1.0%	-6.5%	1.5%	5.1%	-3.6%	
UTILITIES	1.7%	1.6%	1.6%	1.6%	1.6%	1.8%	1.8%		2.0%	3.1%	3.1%	2.2%	5.5%	2.7%	
INSURANCE	0.5%	0.5%	0.8%	0.8%	0.7%	0.8%	0.8%		2.4%	11.2%	16.9%	14.6%	4.1%	5.7%	
PATIENT RELATED TRAVEL	0.5%	0.4%	0.4%	0.4%	0.4%	0.5%	0.4%		-5.0%	4.3%	8.3%	4.2%	-0.9%	-7.8%	
EDUCATION, TRAVEL, & DUES	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	0.9%		1.3%	9.0%	6.4%	4.8%	-0.9%	-8.2%	
OTHER	0.3%	0.4%	0.5%	0.5%	0.5%	0.4%	0.5%		36.4%	16.5%	4.9%	12.3%	-34.7%	23.5%	
DEPRECIATION AND AMORT	8.0%	7.9%	7.8%	7.2%	7.8%	8.2%	8.5%		-7.8%	-1.4%	1.1%	8.0%	-0.6%	6.2%	
INTEREST	2.8%	2.7%	2.7%	2.4%	1.6%	1.7%	1.9%		0.9%	-1.0%	-1.4%	-32.8%	-1.2%	10.5%	
BAD DEBTS	2.0%	2.0%	2.2%	2.0%	2.0%	1.7%	1.7%		2.2%	17.2%	-6.7%	0.3%	-16.4%	0.0%	
TAXES & SURCHARGE	1.9%	1.9%	1.9%	2.0%	2.1%	2.3%	2.2%		5.3%	2.7%	12.4%	1.1%	4.1%	-1.8%	
<b>TOTAL OPERATING EXPENSES</b>	<b>106.7%</b>	<b>104.0%</b>	<b>108.5%</b>	<b>104.5%</b>	<b>108.8%</b>	<b>113.4%</b>	<b>111.2%</b>		<b>1.4%</b>	<b>8.6%</b>	<b>2.1%</b>	<b>3.5%</b>	<b>-1.3%</b>	<b>-0.1%</b>	
<b>Less: WMS Expenses</b>															
<b>Net Operating Expenses</b>	<b>100.6%</b>	<b>99.6%</b>	<b>100.2%</b>	<b>95.6%</b>	<b>98.6%</b>	<b>101.7%</b>	<b>98.0%</b>		<b>3.0%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>2.6%</b>	<b>-2.3%</b>	<b>-1.9%</b>	
<b>Net Operating Income (Loss)</b>	<b>-0.6%</b>	<b>0.4%</b>	<b>-0.2%</b>	<b>4.4%</b>	<b>1.4%</b>	<b>-1.7%</b>	<b>2.0%</b>		<b>-178.8%</b>	<b>-139.1%</b>	<b>-2977.8%</b>	<b>-67.6%</b>	<b>-213.6%</b>	<b>-219.5%</b>	
Non-Operating Revenue	0.8%	0.6%	1.3%	1.4%	0.9%	-0.4%	0.5%		-22.0%	122.8%	16.8%	-34.1%	-140.2%	-216.4%	
<b>Net Income (Loss)</b>	<b>0.2%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>5.8%</b>	<b>2.4%</b>	<b>-2.1%</b>	<b>2.5%</b>		<b>380.8%</b>	<b>12.5%</b>	<b>454.7%</b>	<b>-59.5%</b>	<b>-184.8%</b>	<b>-218.9%</b>	

# CONSOLIDATED CASH FLOW STATEMENT

Line #	12/31/2013	12/31/2014
<b>1 Sources of Cash &amp; Investments:</b>		
2 Net Income	\$ (2,060,762)	\$ 2,451,249
3 Depreciation & Amortization	7,903,366	8,394,580
4 Debt Proceeds	6,200,000	2,800,000
5 Construction Fund Transfers	-	-
6		
<b>7 Total Sources</b>	<b>12,042,604</b>	<b>13,645,829</b>
8		
<b>9 Uses</b>		
10 Property, Plant, and Equipment - Gross	4,003,288	10,836,000
11 Debt Payments	2,688,169	2,334,577
12 Working Capital Changes & Other - Net	1,871,506	595,315
13		
<b>14 Total Uses</b>	<b>8,562,963</b>	<b>13,765,892</b>
15		
<b>16 Increase / (Decrease) Cash &amp; Investments</b>	<b>3,479,641</b>	<b>(120,063)</b>
17		
<b>18 Beginning of Period (January 1)</b>	<b>28,941,389</b>	<b>32,421,030</b>
19		
<b>20 End of Period</b>	<b>\$ 32,421,030</b>	<b>\$ 32,300,967</b>

**KEY INDICATORS**

11/1/2013

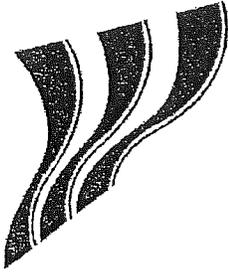
	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014	Industry Benchmarks
<b>Operational</b>								
Operating Margin	-0.6%	0.4%	-0.2%	4.4%	1.4%	-1.7%	2.0%	2.2%
Excess Margin	0.2%	1.0%	1.1%	5.8%	2.4%	-2.1%	2.5%	2.8%
EBIDA	12.0%	11.6%	11.3%	14.6%	11.6%	7.9%	12.6%	10.8%
<b>Financial</b>								
Debt/Capitalization Ratio	50.7%	51.0%	49.0%	46.0%	43.3%	45.5%	43.3%	38.7%
Debt Service Coverage	2.9	2.5	2.5	3.5	3.0	1.9	3.2	2.9
Net Days in Accounts Receivable	74	69	65	55	64	56	46	46
Days of Cash	41	66	81	116	114	116	117	131
Unrestricted Cash/Debt	19%	34%	41%	59%	63%	66%	68%	87%
Cushion Ratio	2.6	4.6	4.5	6.3	7.1	9.0	10.1	9.1
Average Age of Plant	6.0	7.4	8.4	9.2	9.1	9.6	10.1	10.2
Financial Strength Index	(1.10)	(0.48)	(0.21)	1.65	0.75	(0.38)	0.79	0.30
<b>PRODUCTIVITY</b>								
<b>Hospital</b>								
Salary per FTE	\$ 59,035	\$ 61,001	\$ 61,639	\$ 63,429	\$ 61,346	\$ 62,818	\$ 63,244	\$ 70,240
Benefits per FTE	\$ 16,381	\$ 16,578	\$ 17,767	\$ 17,536	\$ 17,866	\$ 18,225	\$ 18,370	\$ 19,545
Salary & Benefits per FTE	\$ 75,416	\$ 77,578	\$ 79,407	\$ 80,964	\$ 79,213	\$ 81,043	\$ 81,614	\$ 89,785
Compensation Ratio	55.7%	54.0%	52.0%	48.1%	50.5%	52.1%	51.0%	50%
FTE per Adjusted Admit	17.2	15.4	14.7	13.4	14.6	14.7	14.4	14.9
FTE per Adjusted Patient Day	4.6	4.4	4.2	3.8	4.1	4.2	4.1	4.4
Supply Expense per CMI Adjusted Discharge	\$ 829	\$ 767	\$ 796	\$ 739	\$ 755	\$ 731	\$ 744	
Drug Expense per CMI Adjusted Discharge	\$ 294	\$ 320	\$ 621	\$ 614	\$ 762	\$ 673	\$ 662	
Gross Revenue per Adj. Admit	\$ 15,744	\$ 15,810	\$ 17,053	\$ 17,526	\$ 17,561	\$ 17,867	\$ 18,384	
Controllable Expense per Adj. Admit	\$ 8,075	\$ 7,697	\$ 8,110	\$ 7,610	\$ 8,287	\$ 8,100	\$ 7,922	
Total Expense per Adj. Admit	\$ 9,335	\$ 8,818	\$ 9,165	\$ 8,592	\$ 9,282	\$ 9,099	\$ 8,919	
Bad Debt Expense % of Net Patient Revenue	2.4%	2.3%	2.4%	2.1%	2.2%	1.9%	1.9%	7.4%
Capital Expense Ratio %	11.7%	10.9%	9.8%	9.6%	9.0%	9.2%	9.3%	6.9%
Contractuals % of Gross Revenues	-48.4%	-49.1%	-50.0%	-51.3%	-50.5%	-51.9%	-53.3%	
<b>Care Center</b>								
Care Center Hours per Resident Day	5.8	5.9	5.9	6.5	6.7	7.2	6.5	5.8
Care Center Revenue per Resident Day	\$ 190.24	\$ 207.04	\$ 221.75	\$ 244.46	\$ 356.23	\$ 441.42	\$ 447.98	
Care Center Expense per Resident Day	\$ 179.71	\$ 189.22	\$ 187.43	\$ 212.42	\$ 250.04	\$ 299.77	\$ 293.98	
<b>Home Medical</b>								
Home Medical Sales per FTE	\$ 156,883	\$ 144,380	\$ 157,284	\$ 158,057	\$ 144,576	\$ 148,582	\$ 191,605	
<b>Hospital FTE's</b>								
Care Center FTE's	652	634	644	632	645	641	625	
Home Medical FTE's	68	69	76	76	86	80	79	
Total FTE's	782	766	777	773	803	804	791	

**2014 Forecast**  
**KEY INDICATORS**

	2009/2008	2010/2009	2011/2010	2012/2011	2013/2012	2014/2013
<b>% CHANGE</b>						
<b>PRODUCTIVITY</b>						
<b>Hospital</b>						
Salary per FTE	3.3%	1.0%	2.9%	-3.3%	2.4%	0.7%
Benefits per FTE	1.2%	7.2%	-1.3%	1.9%	2.0%	0.8%
Salary & Benefits per FTE	2.9%	2.4%	2.0%	-2.2%	2.3%	0.7%
Compensation Ratio	-3.11%	-3.74%	-7.55%	5.03%	3.13%	-2.10%
FTE per Adjusted Admit	-10.70%	-4.17%	-8.97%	8.96%	0.47%	-1.74%
FTE per Adjusted Patient Day	-4.78%	-5.25%	-8.43%	7.89%	1.68%	-2.53%
Supply Expense per CMI Adjusted Discharge	-7.45%	3.71%	-7.11%	2.16%	-3.22%	1.78%
Drug Expense per CMI Adjusted Discharge	8.91%	94.01%	-1.09%	24.10%	-11.71%	-1.69%
Gross Revenue per Adj. Admit	0.4%	7.9%	2.8%	0.2%	1.7%	2.9%
Controllable Expense per Adj. Admit	-4.7%	5.4%	-6.2%	8.9%	-2.3%	-2.2%
Total Expense per Adj. Admit	-5.5%	3.9%	-6.3%	8.0%	-2.0%	-2.0%
Bad Debt Expense % of Total Operating Revenue	-3.5%	5.1%	-13.6%	4.4%	-13.9%	0.5%
Fixed Expense % of Total Operating Revenue	-7.2%	-10.0%	-2.4%	-5.9%	1.7%	1.2%
Contractuals % of Gross Revenues	1.6%	1.6%	2.7%	-1.7%	2.9%	2.7%
<b>Care Center</b>						
Care Center Hours per Resident Day	0.9%	0.2%	10.7%	2.6%	7.0%	-10.0%
Care Center Revenue per Resident Day	8.8%	7.1%	10.2%	46.5%	23.2%	1.5%
Care Center Expense per Resident Day	5.3%	-0.9%	13.3%	17.7%	19.9%	-1.9%
<b>Home Medical</b>						
Home Medical Sales per FTE	-8.0%	8.9%	0.5%	-8.5%	2.8%	28.0%
<b>Statistics &amp; Volumes:</b>						
Hospital FTE's	-2.7%	1.5%	-1.8%	2.0%	-0.6%	-2.5%
Care Center FTE's	1.2%	-0.4%	10.4%	13.2%	-6.9%	-1.1%
Home Medical FTE's	2.4%	2.0%	1.4%	10.2%	14.8%	5.3%
Total FTE's	-1.9%	1.4%	-0.4%	3.8%	0.1%	-1.5%

**5-Year Capital Plan:**

	2012	2013	2014	2015	2016	2017	5-Year Totals
<b><u>Hospital &amp; Care Center:</u></b>							
Routine		\$ 2,500,000	\$ 2,750,000	\$ 3,500,000	\$ 4,000,000	\$ 4,500,000	
Minor Projects		\$ 1,350,000	\$ 1,000,000	\$ 750,000	\$ 850,000	\$ 1,000,000	
Hospital Space Planning Projects		\$ -	\$ 1,365,000	\$ 4,798,000	\$ 2,011,000	\$ 551,000	
Care Center Expansion & Renovation		\$ 2,659,000	\$ 5,591,000	\$ -	\$ -	\$ -	
Home Medical Projects & Routine		\$ 2,902,000	\$ 1,130,000	\$ 700,000	\$ 750,000	\$ 800,000	
<b>Totals</b>		\$ 5,205,892	\$ 9,411,000	\$ 9,748,000	\$ 7,611,000	\$ 6,851,000	\$ 45,457,000
<b>5-Year Financial Plan Projections - 2012 Approval</b>		\$ 8,500,000	\$ 19,860,000	\$ 7,320,000	\$ 7,530,000	\$ 8,040,000	\$ 51,250,000
<b>5-Year Averages</b>		\$ 6,140,417	\$ 7,446,723	\$ 8,705,854	\$ 8,762,378	\$ 9,091,400	



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 4  
**Meeting Date:** November 19, 2013  
**Attachments:**    Yes   X   No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

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**Originating Department:** Finance

**Agenda Item:** Comments from Mayor Yanish

**Recommended Action:** Receive and discuss comments from Mayor Frank Yanish.

**Background/Summary:** Mayor Yanish will address the Committee with comments on the 2014 Budget.

**Alternatives:** None.

**Financial Considerations:** None.

**Preparer:** Carol Cunningham, Accounting Supervisor

**Signature:**

**Comments:**



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 5  
**Meeting Date:** November 19, 2013  
**Attachments:** \_\_\_ Yes X No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

Approved     Denied  
 Amended     Tabled  
 Other

**Originating Department:** Finance

**Agenda Item:** Community Group Funding Requests

**Recommended Action:** Receive and discuss Community Group Funding Requests from:  
A) Willmar Design Center  
B) Willmar Area Multicultural Market-Business Center  
C) West Central Integration Collaborative  
D) Community Marketing Coalition

**Background/Summary:** As requested by Committee members, the community groups are once again presenting their respective funding requests for 2014.

**Alternatives:** N/A

**Financial Considerations:** Review funding options.

**Preparer:** Carol Cunningham, Accounting Supervisor

**Signature:**

**Comments:**

Community Funding Requests Received and Funding Status

	<u>Requested</u>	<u>Funded</u>	
<b>Child Guide Program</b>			
2008	\$ -	\$ -	
2009	15,755.00	9,000.00	(Cut \$1,000)
2010	-	-	
2011	-	-	
2012	-	-	
2013	-	-	
<b>Community Marketing Coalition</b>			
2008	\$ 15,000.00	\$ 15,000.00	
2009	15,000.00	15,000.00	
2010	-	-	
2011	-	-	
2012	-	-	
2013	1,000.00	1,500.00	
<b>Downtown Christmas Decorations</b>			
2009	\$ 25,000.00	\$ 15,000.00	(Cut Full \$15,000)
<b>Going Green Advertising - KWLM/Q102</b>			
2008	\$ -	\$ -	
2009	-	-	
2011	6,000.00	6,000.00	
2012	-	-	
2013	6,500.00	6,000.00	
<b>Humane Society of Kandiyohi County</b>			
2008	\$ 28,800.00	\$ 28,800.00	
2009	10,000.00	10,000.00	
2009	28,800.00	28,050.00	(Cut \$750)
2010	10,000.00	-	
2010	28,800.00	27,800.00	
2011	10,000.00	10,000.00	
2011	28,800.00	27,800.00	
2012	10,000.00	10,000.00	
2012	27,800.00	27,800.00	
2013	10,000.00	10,000.00	
2013	28,800.00	28,800.00	
<b>Kandiyohi Area Transit</b>			
2008	\$ 9,000.00	\$ 9,000.00	
2009	9,000.00	9,000.00	
2010	-	-	
2011	9,000.00	6,000.00	
2012	9,000.00	9,000.00	
2013	13,000.00	13,000.00	

Community Funding Requests Received and Funding Status

	<u>Requested</u>	<u>Funded</u>	
<b>Kandiyohi County Historical Society</b>			
2008	\$ -	\$ -	
2009	-	-	
2010	-	-	
2011	-	-	
2012	-	-	
2013	5,000.00	5,000.00	
<b>Let's Go Fishing</b>			
2009	\$ 5,000.00	\$ -	
<b>Southwest Initiative Foundation</b>			
2008	\$ 10,000.00	\$ 10,000.00	
2009	10,000.00	-	
2010	-	-	
2011	-	-	
2012	10,000.00	-	
2013	10,000.00	-	
<b>West Central Industries</b>			
<b>Meals On Wheels</b>			
2008	\$ 18,500.00	\$ 20,000.00	
2009	20,000.00	18,000.00	(Cut \$2,000)
2010	15,000.00	15,000.00	
2011	15,000.00	15,000.00	
2012	15,000.00	15,000.00	
2013	15,000.00	15,000.00	
<b>West Central Integration Collaborative</b>			
2008	\$ 80,217.28	\$ 80,217.28	
2009	83,425.00	54,163.89	(Cut 4th Qtr \$18,054.63)
2010	42,000.00	21,000.00	
2011	42,000.00	42,000.00	
2012	42,000.00	31,500.00	
2013	42,000.00	21,000.00	
<b>Willmar Area Community Foundation</b>			
2008	\$ -	\$ -	
2009	10,000.00	10,000.00	
2010	-	-	
2011	-	-	
2012	-	-	
2013	-	-	
<b>Willmar Baseball</b>			
2008	\$ 90,000.00	\$ -	
2009	90,000.00	27,000.00	
2010	30,000.00	15,000.00	
2011	30,000.00	15,000.00	
2012	30,308.88	29,500.00	
2013	14,000.00	-	

Community Funding Requests Received and Funding Status

	<u>Requested</u>	<u>Funded</u>	
<b>Willmar Chamber of Commerce</b>			
<b>Leadership Program</b>			
2008	\$ 1,000.00	\$ 1,000.00	
2009	1,000.00	-	
2010	1,000.00	1,000.00	
2011	1,000.00	1,000.00	
2012	1,000.00	-	
2013	1,000.00	-	
<b>Vision 2040</b>			
2012	\$ 5,000.00	\$ 5,000.00	
<b>Willmar Design Center</b>			
2008	\$ 63,800.00	\$ 60,000.00	
2009	60,000.00	57,886.97	(Cut \$2,113.03)
2010	48,000.00	43,581.27	
2011	43,200.00	43,200.00	
2012	25,000.00	25,000.00	
2013	43,400.00	32,000.00	
<b>Willmar Fests</b>			
2008	\$ 20,000.00	\$ 20,600.00	
2009	25,000.00	25,800.00	
2010	25,000.00	25,800.00	
2011	25,000.00	25,000.00	
2012	25,000.00	25,000.00	
2013	25,000.00	25,000.00	

**Community Funding Requests Received and Funding Status**

	<u>Amount Requested</u>	<u>Administrator Proposed</u>	<u>Amount Funded</u>
014			
Community Market Coalition	\$ 2,000.00	\$ -	\$ 2,000.00
Humane Society of Kandiyohi County	\$ 28,000.00	\$ 28,000.00	\$ 28,000.00
West Central Industries	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
West Central Integration Collaborative	\$ 21,000.00	\$ 21,000.00	\$ -
Willmar Area Multicultural Business Center (WAM-BC)	\$ 20,000.00	\$ -	\$ 10,000.00
Willmar Design Center	\$ 58,500.00	\$ 25,000.00	\$ 32,000.00
Willmar Fests	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
<b>Totals</b>	<b>\$ 169,500.00</b>	<b>\$ 114,000.00</b>	<b>\$ 112,000.00</b>



CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 6  
Meeting Date: November 19, 2013  
Attachments: \_\_\_ Yes X No

CITY COUNCIL ACTION

Date: December 2, 2013

- Approved     Denied  
 Amended     Tabled  
 Other

Originating Department: Finance

Agenda Item: Mayor's Reductions to the 2014 Budget

Recommended Action: Discuss the Mayor's reductions to the 2014 Proposed Budget:  
A) Travel and Training  
B) Dues and Subscriptions  
C) Professional Services

Background/Summary: Mayor Yanish has proposed a 50% reduction in funding for Travel and Training, a 35% reduction in funding for Memberships and Dues, and a 35% reduction in funding for Professional Services.

Alternatives: N/A

Financial Considerations: Review the impact of the reductions in these expenditures.

Preparer: Carol Cunningham, Accounting Supervisor

Signature:

Comments:

**2014 Proposed Budget  
Travel and Training**

<b>General Fund Department</b>	<b>Mandatory</b>	<b>Best Practice</b>	<b>Voluntary</b>	<b>Totals</b>
Administrator	2,000.00	1,200.00	-	3,200.00
Aquatic Center	100.00	-	-	100.00
Assessing	3,500.00	-	-	3,500.00
Civic Center	100.00	900.00	-	1,000.00
Clerk	-	650.00	-	650.00
Community Center	500.00	-	-	500.00
Elections	-	65.00	-	65.00
Engineering	1,790.00	2,150.00	60.00	4,000.00
Finance	-	1,000.00	-	1,000.00
Fire	25,000.00	-	-	25,000.00
Information Systems	2,400.00	2,900.00	500.00	5,800.00
Leisure Services	770.00	1,230.00	-	2,000.00
Mayor and Council	-	2,500.00	-	2,500.00
Planning	2,860.00	740.00	200.00	3,800.00
Police	30,000.00	-	-	30,000.00
Public Works	420.00	550.00	530.00	1,500.00
<b>Totals</b>	<b>69,440.00</b>	<b>13,885.00</b>	<b>1,290.00</b>	<b>84,615.00</b>

2011 Actual	\$	50,577.99
2012 Actual	\$	58,678.35
2013 Budget	\$	74,090.00
2014 Administrator Proposed	\$	84,615.00
2014 Mayor Proposed	\$	57,308.00

Variances between 2014 proposed and 2012 actual can be explained as follows:

Information Technology increases by \$4,300 due to inclusion of WRAC 8.

Police Department has historically been less than the \$30,000 budgeted, only spent \$24,000 in 2012.

Fire Department has increased by \$10,000 due to approved increase in personnel.

Engineering underspent by \$2600 in 2012 due to vacancies.

<b>Other Funds</b>				
WWTP - Collections/ BioSolids		4,950.00	4,500.00	-
Airport		-	500.00	-
<b>Totals</b>		<b>4,950.00</b>	<b>5,000.00</b>	<b>-</b>
				<b>9,950.00</b>

WWTP 2011 Actual	\$	3,014.00
WWTP 2012 Actual	\$	4,983.00
WWTP 2013 Budget	\$	9,400.00
2014 Administrator Proposed	\$	9,400.00
2014 Mayor Proposed	\$	4,700.00

**2014 Proposed Budget  
Dues, Subscriptions and Memberships**

<b>Department</b>	<b>Mandatory</b>	<b>Best Practice</b>	<b>Voluntary</b>	<b>Totals</b>
Administrator	1,500.00		500.00	2,000.00
Aquatic Center	-	-	-	-
Assessing	600.00	-	-	600.00
City Hall	-	200.00	-	200.00
Civic Center	-	145.00	-	145.00
Clerk	-	-	40.00	40.00
Community Center	-	-	150.00	150.00
Engineering	5,000.00	750.00	250.00	6,000.00
Finance	-	400.00	-	400.00
Fire	1,500.00	1,700.00	800.00	4,000.00
Information Systems	3,107.00	600.00	-	3,707.00
Leisure Services	-	2,000.00	-	2,000.00
Mayor and Council	-	49,765.00	-	49,765.00
Planning	1,275.00	580.00	145.00	2,000.00
Police	650.00	780.00	570.00	2,000.00
Public Works	800.00	200.00	-	1,000.00
<b>Totals</b>	<b>14,432.00</b>	<b>57,120.00</b>	<b>2,455.00</b>	<b>74,007.00</b>

2011 Actual	\$ 64,755.00
2012 Actual	\$ 61,728.00
2013 Budget	\$ 72,317.00
2014 Administrator Proposed	\$ 74,007.00
2014 Mayor Proposed	\$ 30,346.00

**Mayor and Council Dues Includes:**

CGMC	\$ 35,151.00
NLC	\$ 1,500.00
LMC	\$ 14,980.00

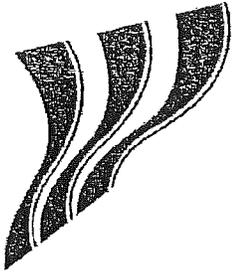
WWTP - Collections/ BioSolids	250.00	5,250.00	100.00	5,600.00
Airport	-	150.00	-	150.00

WWTP 2011 Actual	\$ 5,175.00
WWTP 2012 Actual	\$ 5,100.00
WWTP 2013 Budget	\$ 4,100.00
WWTP 2014 Administrator	\$ 4,100.00
WWTP 2014 Mayor	\$ 2,655.00

2014 Proposed Budget  
Professional Services

General Fund Expenditures	Dept/Administrator Proposed	Mayor Proposed
Mayor and Council	34,200.00	22,230.00
Planning	3,000.00	1,950.00
Clerk-Treasurer	3,000.00	1,950.00
Assessing	1,000.00	650.00
Finance	24,000.00	15,600.00
Legal	216,000.00	140,400.00
Information Systems	4,000.00	2,600.00
Police	13,000.00	8,450.00
Fire Department	6,500.00	4,225.00
Engineering	62,000.00	40,300.00
Public Works	500.00	325.00
Auditorium	300.00	195.00
Leisure Services	10,000.00	6,500.00
Community Center	600.00	390.00
Aquatic Center	1,000.00	650.00
<b>Totals</b>	<b>379,100.00</b>	<b>246,415.00</b>
2011 Actual	221,264.00	
2012 Actual	313,515.00	
2013 Budget	412,000.00	

1. Reduction in Administrator Proposed reflects shift back to in-house custodial services
2. Change from 2011 to 2012 reflects change in City Attorney to contract status, as well as moving Labor Attorney charges from Non-Departmental
3. Contracts are currently in place for Legal and Audit Services.



CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 7  
Meeting Date: November 19, 2013  
Attachments: \_\_\_ Yes X No

CITY COUNCIL ACTION

Date: December 2, 2013

- Approved     Denied  
 Amended     Tabled  
 Other

Originating Department: Finance

Agenda Item: Review of Vehicle Replacement Schedule

Recommended Action: Review and approve the proposed vehicle replacement schedule.

Background/Summary: Council is to review and approve the proposed 5-Year Vehicle Replacement Schedule for the City's Annual Budget.

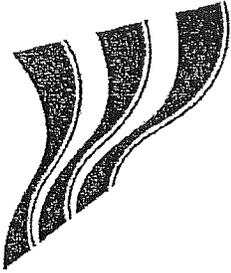
Alternatives: None.

Financial Considerations: Review estimated costs.

Preparer: Carol Cunningham, Accounting  
Supervisor

Signature:

Comments:



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 8  
**Meeting Date:** November 19, 2013  
**Attachments:**    Yes   X   No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

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**Originating Department:** Finance

**Agenda Item:** Review of Capital Improvement Program

**Recommended Action:** Review and approve the proposed Capital Improvement Program.

**Background/Summary:** Council is to review and approve the proposed capital improvements for the City's Annual Budget.

**Alternatives:** None.

**Financial Considerations:** Review estimated costs.

**Preparer:** Carol Cunningham, Accounting Supervisor

**Signature:**

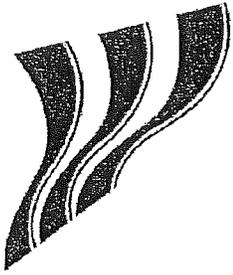
**Comments:**

City of Willmar 2014  
Proposed Capital Improvement Program - Revised 11/14

Project	Department	Cash	Bond	WWTP Fund	LOST	Stormwater	State Aid
Overlay Taxi Lanes - East Hangar Area	Airport	\$ 30,000.00					\$ 70,000.00
Master Plan Update - Airport	Airport	\$ 25,000.00					\$ 225,000.00
Crack Repair/Seal taxlanes & parking lot	Airport	\$ 13,125.00					\$ 30,625.00
Airfield Electrical Back-Up Generator	Airport	\$ 21,000.00					\$ 49,000.00
Tiling & Drainage Design/Implementation	Airport	\$ 13,500.00					\$ 31,500.00
Fencing (Planning & Survey) Airport	Airport	\$ 36,000.00					\$ 84,000.00
Apron Expansion - Design	Airport	\$ 24,000.00					\$ 56,000.00
Terminal Irrigation System	Airport	\$ 18,000.00					\$ 42,000.00
Freestanding Sign & MnDOT Sign	Airport	\$ 30,000.00					
Environmental Assessment 13/31 Ext	Airport	\$ 25,500.00			\$ 1,000,000.00		\$ 59,500.00
HVAC/Refrigeration Plants - Civic Center	Civic Center				\$ 30,000.00		
Door Replacement - Civic Center	Civic Center				\$ 40,000.00		
North Driveway Repair - Civic Center	Civic Center						
Reconstruction - Various Locations	Engineering		\$ 2,500,000.00				
Old WWTP Retrofit	Engineering					\$ 100,000.00	
Sidewalk/Bike Path Reconstruction/Maintenance	Engineering	\$ 5,000.00			\$ 10,000.00		
Color Plotter Replacement	Engineering	\$ 10,000.00					
Area West of Menards (Phase 1)	Engineering					\$ 100,000.00	
Signal Loop Detector Replacement	Engineering	\$ 10,000.00					
Signal Cabinet Replacement	Engineering	\$ 30,000.00					
Sidewalk/Bike Path New Construction	Engineering	\$ 10,000.00			\$ 25,000.00		
Aerial Photography	Engineering	\$ 15,000.00					
Emergency Outdoor Sirens	Fire	\$ 5,000.00					
West Bay Garage Door Adjustment	Fire	\$ 10,000.00					
Copy Machine/Printer	Fire	\$ 9,600.00					
Ind. Park Expansion - Infrastructure Improve.	Industrial Park				\$ 3,500,000.00		
Server Replacement	IT	\$ 25,000.00					
Video Camera	IT	\$ 17,000.00					
Agenda Software	IT	\$ 27,000.00					
Indoor Gun Range	LS	\$ 250,000.00					
Lighting Repair Swanson Field (red, green, yellow)	LS	\$ 10,225.00					
Fence Repair - North Swanson	LS	\$ 20,000.00					
Canine (1 unit)	Police	\$ 6,000.00					
Sign Reflectivity	Public Works	\$ 25,000.00					
PW Facility Siding & Painting	Public Works	\$ 100,000.00					

**City of Willmar 2014  
Proposed Capital Improvement Program - Revised 11/14**

Project	Department	Cash	Bond	WWTP Fund	LOST	Stormwater	State Aid
Play Equipment	Public Works	\$ 30,000.00					
Replace Garage Door - PW Garage	Public Works	\$ 10,000.00					
Path Lighting 15th Ave to 19th Ave	Public Works	\$ 15,000.00					
Path Lighting Willmar Ave & 15th Ave	Public Works	\$ 5,000.00					
Parking Lot Green Field	Public Works		\$ 72,000.00				
Lakeland Drive Interceptor/Minn West LS	Waste Water		\$ 6,611,000.00				
Sanitary Sewer Line under BNSF by Sperryville	Waste Water			\$ 60,000.00			
Sewer Replacement on streets being constructed	Waste Water						
Diesel Particulate Filters stby generators	Waste Water			\$ 60,000.00			
WCAC Signage	WCAC	\$ 12,000.00					
Mechanical work/kitchen Area (Community Center)	WCAC	\$ 7,500.00					
Exterior Building - Community Center	WCAC	\$ 50,000.00					
Coordinator Study Highway 12	Engineering	\$ 50,000.00					
Facilities Study	Facilities	\$ 50,000.00					
<b>Total</b>		<b>\$ 1,050,450.00</b>	<b>\$ 9,183,000.00</b>	<b>\$ 120,000.00</b>	<b>\$ 4,605,000.00</b>		<b>\$ 647,625.00</b>



CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: 9  
Meeting Date: November 19, 2013  
Attachments:    Yes X No

CITY COUNCIL ACTION

Date: December 2, 2013

Approved     Denied  
 Amended     Tabled  
 Other

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Originating Department: Finance

Agenda Item: Health Insurance – Reallocation of Funds

Recommended Action: Review and approve reallocation of health insurance expenditures to capital improvements, streets, or other area.

Background/Summary: A 12% increase was built into the 2014 Proposed Budget. When renewals were received, the actual increase was \$-0-, resulting in a savings of \$183,000. Council needs to take action to re-allocate those funds.

Alternatives: None.

Financial Considerations: Reallocate insurance cost savings.

Preparer: Carol Cunningham, Accounting  
Supervisor

Signature:

Comments:

RESOLUTION NO. \_\_\_\_\_

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that the following sums of money be levied for the current year collectable in 2014, upon the taxable property in said City of Willmar, for the following purposes:

General Fund	\$ 3,992,734
Street/Infrastructure Improvements	<u>\$ 147,000</u>
Total	\$ 4,139,734

BE IT RESOLVED, that there is a sufficient sum of money in the Debt Service Funds of the City, together with the above Debt Service Fund Tax Levy, to pay principal and interest in 2014 on all outstanding bond issues, and the deferred annual tax levies previously certified to the County Auditor are hereby cancelled;

BE IT RESOLVED by the City Council of the City of Willmar, Kandiyohi County, Minnesota, that pursuant to a request by the Housing and Redevelopment Authority In and For the City of Willmar, Minnesota, for authorization to levy a special tax to be included as part of its fiscal year 2013 – 2014 Budget;

BE IT RESOLVED that the City Council of the City of Willmar, Minnesota, hereby authorizes the Housing and Redevelopment Authority to levy a special tax in the amount of \$170,000 pursuant to the powers vested under the Minnesota Statutes.

The City Clerk is hereby instructed to transmit a certified copy of this Resolution to the County Auditor of Kandiyohi County, Minnesota.

Dated this 2nd day of December, 2013.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Attest: CITY CLERK-TREASURER

RESOLUTION NO. \_\_\_\_\_

ADOPTING THE BUDGET FOR THE FISCAL YEAR 2014

BE IT RESOLVED by the City Council of the City of Willmar that the Annual Budget for the fiscal year beginning January 1, 2014, which has been submitted by the Mayor and modified and approved by the City Council, is hereby adopted, the totals of the said budget and the Mayor's division thereof being as follows:

EXPENDITURE REQUIREMENTS

General Operating	\$ 15,757,236
Capital Improvements	6,870,450
Special Revenue/Internal	671,268
Debt Service	2,499,201
Enterprise (Wastewater)	<u>8,245,688</u>
Total 2013 Budget	\$ 34,043,843

Dated this 2nd day of December, 2013.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Attest: CITY CLERK TREASURER

**PUBLIC WORKS/SAFETY COMMITTEE REPORT 13-18  
CITY OF WILLMAR  
TUESDAY, NOVEMBER 26, 2013**

A meeting of the Public Works/Safety Committee was called to order at 4:45 p.m. on Tuesday, November 26, 2013, by Chairman Ron Christianson at the City Office Building. Members present were: Council Members Steve Ahmann, Audrey Nelsen and Bruce DeBlicek. Also present were: Mayor Frank Yanish, Council Members Jim Dokken and Tim Johnson; Charlene Stevens, City Administrator; Bruce Peterson, Planning and Development Services Director; Dave Wyffels, Police Chief; Julie Asmus, Police Sergeant; Tony LaPatka, Police Officer; Lynden Wittman, Senior Engineering Technician; Jerry Kjergaard, Superintendent of Willmar Schools; Brian Bollig and Paul Jurek, Bollig Inc.; Gary Geiger, Bev Dougherty, Warren Hagen, Jason Dougherty, and David Little, "West Central Tribune."

**1. PUBLIC COMMENT:**

There were no public comments.

**2. DARE PROJECT UPDATE (FOR INFORMATION ONLY):**

Chief Wyffels was asked to provide information in relation to the value and future continuation of the City's DARE Program. An overview was given including statistical information relating to the number of students who have completed the program over the last 24 years. He noted the DARE Program Budget is a collaborative effort with expenses being shared by the Police Department and the Willmar School District. The program is more than just a drug and violence prevention education program; it also focuses on life skills and decision making. There have been over 50 studies done that show DARE is effective. It also provides more officer uniform presence in all of the schools and contact with elementary students, which in turn promotes a positive image in the community.

Superintendent of Willmar Schools, Jerry Kjergaard, said the DARE Program is a benefit to the community. It provides a good and relevant educational opportunity and the law enforcement relationships are important. This item was for information only.

**3. MINNWEST LIFT STATION/LAKELAND DRIVE IMPROVEMENT PROJECT:**

Bollig Inc. and staff are proceeding with the design of improvements for the MinnWest Lift Station and Lakeland Drive. The first step in the process of M.S. Chapter 429 is to order an Improvement Report. The report will detail the proposed improvements and provide project funding suggestions.

A motion was made by Council Member Nelsen, seconded by Council Member DeBlieck, and passed for the following

**RECOMMENDATION:**

Order the Improvement Report for MinnWest Lift Station/Lakeland Drive Interceptor Project No. 1310. (Resolution)

**4. CONSIDERATION OF CHANGES IN THE PROCESS OF CONSTRUCTION IMPROVEMENTS (FOR INFORMATION ONLY):**

This matter was referred to committee by Council Member Christianson for review of the current process used to approve field changes that arise during construction. The committee discussed the definition of a field change. It was agreed that field changes are those changes made due to unknown conditions or plan errors. City Administrator Stevens assured the committee that the City takes appropriate action to protect its rights under contracts.

The committee discussed the current process and suggested adoption of a policy to deal with project changes. Staff will bring recommendations for policy options to a future committee meeting.

**5. OLD BUSINESS:**

Chief Wyffels reported the jail census at 69 and the report of calls for the last two weeks at 550.

The committee discussed creating a process to approve archery ranges. The question was raised whether it was the intent of the recent ordinance revision to allow private outdoor ranges, and if so, how are those ranges to be approved? The committee requested that staff come back with a set of objective criteria to use in evaluating archery range proposals.

**6. NEW BUSINESS - HIGHWAY 12 CORRIDOR STUDY:**

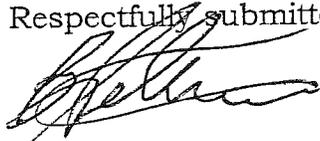
Staff explained that the consultant selection process for the Highway 12 Corridor Study had been completed. It was a joint effort between the City, Kandiyohi County and Mn/DOT. Staff presented a resolution authorizing the Mayor and City Administrator to execute a Mn/DOT agreement for the Highway 12 Corridor Study. A motion was made by Council Member Ahmann, seconded by Council Member Nelsen, and passed for the following

**RECOMMENDATION:**

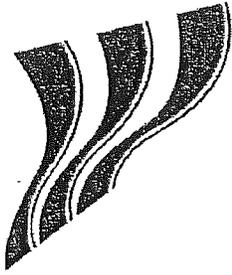
To authorize the Mayor and City Administrator to execute an agreement with the State of Minnesota Department of Transportation and Kandiyohi County to engage the services of a professional consultant to complete a Corridor Study for Highway 12 through Willmar. (Resolution)

There being no further business to come before the committee, the meeting adjourned at 5:47 p.m.

Respectfully submitted:



Bruce D. Peterson, AICP  
Director of Planning & Development Services



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** \_\_\_\_\_

**Meeting Date:** November 26, 2013

**Attachments:**  Yes  No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- Approved       Denied  
 Amended       Tabled  
 Other

**Originating Department:** Willmar Police Department

**Agenda Item:** DARE Program

**Recommended Action:**

Discussion only.

**Background/Summary:** At the October 15, 2013 Public Works/Public Safety meeting, Committee Chairman Christianson questioned the value and future continuation of the DARE program. He asked that it be brought to a future PW/PS meeting for discussion purposes.

**Alternatives:** N/A

**Financial Considerations:** None.

**Preparer:** Chief of Police David Wyffels

**Signature:** *David J. Wyffels*

**Comments:** Documentation attached identifying all costs of the DARE program. The Willmar School System was notified due to being major stakeholders in the program as well.

## Willmar DARE Program

### 1. Statistical information:

- DARE is a collaborative program between the Willmar schools and the Willmar Police Department.
- The DARE program started in Willmar late in 1990 when four officers received instructor training.
- Since then, the Willmar Police Department has maintained an average of four officers assigned to teach the DARE program within the schools.
- DARE was initially taught to 5<sup>th</sup> graders at both Roosevelt and Community Christian Schools in January of 1991.
- The 2013-2014 school years represent the 24<sup>th</sup> year of DARE being taught within the Willmar School system.
- Presently fifth graders at both Roosevelt and Kennedy receive DARE instruction for 14 weeks each semester.
- There are 159 agencies teaching DARE in 413 schools within Minnesota.
- DARE is a part of a large network and taught in all 50 states and 47 countries.

### 2. Number of students affected:

- Willmar - approximately 8,400 - fifth graders in 24 years.
- Willmar - approximately 4,200 - seventh graders at the Jr. High for 12 years.

### 3. Program impact:

- DARE is more than just a drug and violence prevention education program. It also focuses on life skills and decision making. It impacts future life choices made by citizens.
- There have been over 50 studies done that show DARE is effective and works.
- DARE is recognized on the NREPP (National Registry of Evidence-based Programs and Practices) list.
- The relationships that are built cannot be measured.
  - Relationships that carry over for years to students in the middle school, Sr. High, and ALC that build trust and communication
  - Relationships with parents that builds recognition and trust for generations
  - Relationships with school staff and administration
  - Maintains relationships with diverse groups of children and adults
- Provides more officer uniform presence in all of the schools and contact with all elementary students.
- Promotes positive image in the community - one of the few proactive programs we still maintain in the Police Department.
- Enhances police officer's "people skills" – public speaking abilities, effective communication with different personalities, learning styles and abilities.

### 4. DARE Program Budget:

- The program budget is a collaborative effort. Funds are managed by the Police Department but the account is setup and maintained under the school system.
- Program operating expenses average \$12,000 per year excluding officer wages.

- The program budget is funded by donations from the American Legion (\$5,000), Wal-Mart (\$1,000) and drug fine money received by the Court (varies between \$5,000-\$10,000 a year).
- The program budget covers tuition, travel, lodging and meal costs for officer training relating to the DARE program but does not cover officer wages for time spent while attending DARE training. Officer training wages are covered under the police budget.

**5. Yearly direct costs to the Police Department: \$6,409.68**

Costs listed are costs associated directly to the Willmar Police Department budget which covers officer wages, for training, classroom preparation, teaching, fund raising, and other DARE events.

- Officer LaPatka directs approximately 8 employee hours in the summer for the DARE program participation in the Willmar Fest parade - \$240.88 wages.
- Sgt. Asmus directs approximately 160 employee hours per year in program participation - \$5,668.80 wages.
  - 2 classes (3 hrs) for 14 weeks (X 2) = 84 hrs
  - Graduation preparation & program (X 2) = 36 hrs
  - Inventory and sorting merchandise = 8 hrs
  - YMCA Fun Night = 8 hrs
  - Training – DARE Conference = 24 hours
- Support staff hours – \$500.00
  - Clerical, (typing graduation certificates, post cards for parade) = 5 hrs
  - CSO's, (Graduation, YMCA) = 20 hrs

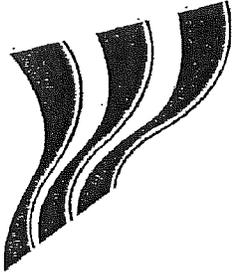
**6. Yearly direct costs to the School: \$13,140.40**

All three School Resource Officers (SRO's) teach DARE classes during school time. Those officer wages are paid for by the school through the SRO school contract.

- Total SRO hours covered by school - 440 hours - \$13,140.40
  - Officer LaPatka – Teaches 1 class and handles admin paperwork – 180 hours - \$5,419.80
  - Officer Venenga – Teaches 2 classes – 150 hours - \$4,408.50
  - Officer Schneider – Teaches 1 class - 110 hours - \$3,312.10

**7. Total yearly cost of the DARE program within the City of Willmar: \$31,550.08**

- Direct costs to the Police Department: \$6,409.68
- Direct costs to the School: \$13,140.40
- Program budget costs: \$12,000.00



CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION

Agenda Item Number: \_\_\_\_\_

Meeting Date: November 26, 2013

Attachments: Yes  No

CITY COUNCIL ACTION

Date: December 2, 2013

- Approved
- Amended
- Other
- Denied
- Tabled

\_\_\_\_\_  
\_\_\_\_\_

Originating Department: Public Works

Agenda Item: MinnWest Lift Station/Lakeland Drive Project

Recommended Action: Adopt resolution ordering the Improvement Report.

Background/Summary: The first step in the M.S. Chapter 429 process is to order an Improvement Report for the project having bonds sold and assessments levied.

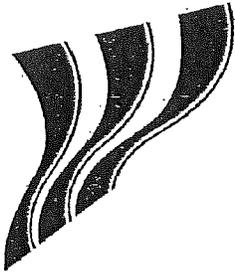
Alternatives: 1. Find another financing source.  
2. Do not do the project.

Financial Considerations: The project will be funded by a combination of PFA, MSA, LOST and assessment dollars.

Preparer: Bruce D. Peterson, AICP  
Acting Public Works Director

Signature

Comments:



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** \_\_\_\_\_

**Meeting Date:** November 26, 2013

**Attachments:** Yes  No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

\_\_\_\_\_  
\_\_\_\_\_

**Originating Department:** Public Works

**Agenda Item:** Improvement Projects - Change Process

**Recommended Action:** None

**Background/Summary:** Council Member Christianson referred this matter to committee for discussion.

**Alternatives:** 1. Allow staff to continue to approve field changes.  
2. Bring all field changes through council and committee, which may delay projects and add costs.

**Financial Considerations:** N/A

**Preparer:** Bruce D. Peterson, AICP  
Acting Public Works Director

**Signature:**

**Comments:**



**CITY OF WILLMAR, MINNESOTA  
REQUEST FOR COMMITTEE ACTION**

**Agenda Item Number:** 13

**Meeting Date:**

**Attachments:**  Yes  No

**CITY COUNCIL ACTION**

**Date:** December 2, 2013

- |                                   |                                 |
|-----------------------------------|---------------------------------|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Denied |
| <input type="checkbox"/> Amended  | <input type="checkbox"/> Tabled |
| <input type="checkbox"/> Other    |                                 |

\_\_\_\_\_  
\_\_\_\_\_

**Originating Department:** Fire Department

**Agenda Item:** Acceptance of grant dollars in the amount of \$1,950 from FM Global

**Recommended Action:**

Accept a \$1,950 grant from FM Global for the purchase of smoke detectors for distribution throughout the community.

**Background/Summary:**

The Willmar Fire Department has applied for funds to purchase dual-sensor smoke detectors for distribution throughout the community. Historically, smoke detectors are supplied to citizens in general need and those who may encounter false detector activations due to malfunctioning or obsolete units.

**Alternatives:**

N/A

**Financial Considerations:**

Fire Department expects to pay approximately \$135 in sales tax not covered by the grant.

**Preparer:** Fire Chief Gary Hendrickson

**Signature:**

**Comments:**



Factory Mutual Insurance Company  
1151 Boston-Providence Turnpike  
P.O. Box 9102  
Norwood, MA 02062 USA  
T: 781 255 4000 F: 781 255 4024 [www.fmglobal.com](http://www.fmglobal.com)

October 31, 2013

Chief Hendrickson  
Willmar Fire Department  
515 2nd Street SW  
Willmar, Minnesota 56201

Dear Chief Hendrickson:

Congratulations. Your grant application for an FM Global fire prevention grant stood out among the hundreds we received and we will be funding \$1,950 towards the purchase of smoke detectors.

Kayla Works, fire service program coordinator in FM Global's St. Louis office will contact you soon to arrange for a check presentation. In addition you will be receiving an email with a sample press release. Once you and Kayla have scheduled a date for a visit, you can customize and distribute the press release to bring further public attention to your worthy efforts and to publicize your award.

In the meantime, if you have any questions, please feel welcome to e-mail me.

Best wishes for continued success in your fire prevention endeavors.

A handwritten signature in black ink, appearing to read "Michael Spaziani". The signature is fluid and cursive, with a long horizontal line extending to the right.

Michael Spaziani  
Manager - Fire Service Programs  
[michael.spaziani@fmglobal.com](mailto:michael.spaziani@fmglobal.com)

cc: Kayla Works – FM Global St. Louis Operations

File #13-140

Resolution No. \_\_\_\_\_

WHEREAS, FM Global has awarded grant funds in the amount of \$1,950 to the Willmar Fire Department for the purchase of smoke detectors for community distribution,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Willmar to accept the \$1,950 grant, adjust the fire department's budget accordingly and that the City Administrator express the community's appreciation.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2013

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk