

**Mt. Lake City Council**  
**Mt. Lake City Hall**  
**Monday, September 15, 2014**  
**6:30 p.m.**

**AGENDA**

1. Meeting called to order by Mayor, Dean Janzen  
\* Further information on agenda item is attached
2. Approval of Agenda and Consent Agenda
  - a. Bills: Check #'s 9916515 - 99916563; 358E – 360E \*(1-5)  
Payroll: Check #'s 61298 - 61326
  - b. Approval of Sept. 8 Council Minutes\*(6-7)
  - c. Approval of Aug. 14 Utility Commission Minutes\*(8)
  - d. Approval of Aug. 11 Lake Commission Minutes\*(9)
  - e. Approval of Aug. 8 EDA Minutes\*(10-11)
  - f. Approval of July 23 Library Board Minutes, July and Aug. Library Report, and July and Aug. Expenditures\*(12-16)
3. Public – A total of ten (10) minutes is allotted for individuals to briefly discuss a topic of concern with the council.
4. Well #7 – Adopt Resolution #36-14, Accepting Offer of MN Public Facilities Authority to Purchase a \$47,444 General Obligation Water Revenue Note\*(17-30)
5. 2012-2014 Street and Utility Project – May be closed, Attorney/Client Privilege
6. 2015 Budget
  - a. Award Auditing Services\*(31)
  - b. Set Public Input meeting\*(32-33)
  - c. Budget Review\* - separate packet
  - d. Adoption of Resolution #27-14 Proposed Preliminary Property Tax Levy\*(34)
7. Administrator
  - a. MN State Retirement System (MSRS) Health Care Savings Plan (HCSP)\*(35-37)
8. Adjourn

CITY OF MOUNTAIN LAKE

**\*Check Detail Register©**

*September 15, 2014*  
*mk*

August 2014 to September 2014

*9916515 to*  
*9916563*

Check Amt Invoice Comment

*358E-360E*

**10100 United Prairie**

Paid Chk#	Date	Payee	Check Amt	Invoice	Comment
<b>COMMISSIONER OF REVENUE</b>					
9916515	9/8/2014	COMMISSIONER OF REVENUE			
G 101-21702		State Withholding	\$42.39		
		<b>Total COMMISSIONER OF REVENUE</b>	\$42.39		
<b>INTERNAL REVENUE SERVICE</b>					
9916516	9/8/2014	INTERNAL REVENUE SERVICE			
G 101-21701		Federal Withholding	\$79.23		
G 101-21703		FICA Tax Withholding	\$647.34		
		<b>Total INTERNAL REVENUE SERVICE</b>	\$726.57		
<b>AFLAC</b>					
9916517	9/4/2014	AFLAC			
G 101-21713		AFLAC	\$192.74		
		<b>Total AFLAC</b>	\$192.74		
<b>BCBS/HSA</b>					
9916518	9/4/2014	BCBS/HSA			
G 101-21714		HSA	\$407.71		
		<b>Total BCBS/HSA</b>	\$407.71		
<b>COMMISSIONER OF REVENUE</b>					
9916519	9/4/2014	COMMISSIONER OF REVENUE			
G 101-21702		State Withholding	\$716.36		
		<b>Total COMMISSIONER OF REVENUE</b>	\$716.36		
<b>GISLASON &amp; HUNTER</b>					
9916520	9/4/2014	GISLASON & HUNTER			
G 101-21712		Garnishments	\$331.54		
		<b>Total GISLASON &amp; HUNTER</b>	\$331.54		
<b>INTERNAL REVENUE SERVICE</b>					
9916521	9/4/2014	INTERNAL REVENUE SERVICE			
G 101-21701		Federal Withholding	\$1,521.74		
G 101-21703		FICA Tax Withholding	\$2,033.20		
		<b>Total INTERNAL REVENUE SERVICE</b>	\$3,554.94		
<b>LAW ENFORCEMENT LABOR SERV</b>					
9916522	9/4/2014	LAW ENFORCEMENT LABOR SERV			
G 101-21711		PD UNION DUES	\$135.00		
		<b>Total LAW ENFORCEMENT LABOR SERV</b>	\$135.00		
<b>PERA</b>					
9916523	9/4/2014	PERA			
G 101-21704		PERA	\$3,552.66		
		<b>Total PERA</b>	\$3,552.66		
<b>VALIC</b>					
9916524	9/4/2014	VALIC			
G 101-21705		VALIC	\$1,122.90		
		<b>Total VALIC</b>	\$1,122.90		
<b>BARGEN</b>					
9916525	9/12/2014	BARGEN			
E 240-46500-401		Repairs/Maint Buildings	\$300.00	214428	FIX BACK WALL OF FITNESS CENTER
		<b>Total BARGEN</b>	\$300.00		
<b>CARCHIOUS RODNEY</b>					
9916526	9/12/2014	CARCHIOUS RODNEY			
E 607-46330-401		Repairs/Maint Buildings	\$37.40		AUGUST MAINT-HERITAGE ESTATES
E 608-46330-401		Repairs/Maint Buildings	\$72.60		AUGUST MAINT-HERITAGE ESTATES
		<b>Total CARCHIOUS RODNEY</b>	\$110.00		
<b>DARON J. FRIESEN</b>					
9916527	9/12/2014	DARON J. FRIESEN			
E 609-46330-402		Repairs/Maint- Ground	\$315.00		MOWING MASON MANOR
E 608-46330-402		Repairs/Maint- Ground	\$128.70		MOWING HERITAGE ESTATES
E 607-46330-402		Repairs/Maint- Ground	\$66.30		MOWING HERITAGE ESTATES

(1)

CITY OF MOUNTAIN LAKE

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August 2014 to September 2014

			Check Amt	Invoice	Comment
<b>Total DARON J. FRIESEN</b>			<b>\$510.00</b>		
<b>Paid Chk# 9916528 9/12/2014 NICKEL CONSTRUCTION</b>					
E 608-46330-402	Repairs/Maint- Ground		\$225.72	14103	PRUNE BUSHES AT HERITAGE ESTATES
E 607-46330-402	Repairs/Maint- Ground		\$116.28	14103	PRUNE BUSHES AT HERITAGE ESTATES
<b>Total NICKEL CONSTRUCTION</b>			<b>\$342.00</b>		
<b>Paid Chk# 9916529 9/12/2014 NORTHLAND SECURITIES</b>					
E 415-46300-434	Project Expense		\$370.00	3823	TIF#1-7--MSC
<b>Total NORTHLAND SECURITIES</b>			<b>\$370.00</b>		
<b>Paid Chk# 9916530 9/12/2014 PEST PRO</b>					
E 607-46330-401	Repairs/Maint Buildings		\$115.60	830	SPRAY BUGS-HERITAGE ESTATES
E 608-46330-401	Repairs/Maint Buildings		\$224.40	830	SPRAY BUGS-HERITAGE ESTATES
E 609-46330-401	Repairs/Maint Buildings		\$260.00	831	SPRAY BUGS-MASON MANOR
<b>Total PEST PRO</b>			<b>\$600.00</b>		
<b>Paid Chk# 9916531 9/12/2014 STEVE FINNESTAD</b>					
E 608-46330-401	Repairs/Maint Buildings		\$194.00		INSTALL CARPET PAD-APT 1619
<b>Total STEVE FINNESTAD</b>			<b>\$194.00</b>		
<b>Paid Chk# 9916532 9/12/2014 BRUNTON ARCHITECHTS LTD</b>					
E 441-46300-434	Project Expense		\$4,350.00		MT POWER-STRUCTURAL MODIFICATIONS
<b>Total BRUNTON ARCHITECHTS LTD</b>			<b>\$4,350.00</b>		
<b>Paid Chk# 9916533 9/12/2014 ELITE MECHANICAL SYSTEMS LLC</b>					
E 441-46300-434	Project Expense		\$34,399.67		MT POWER-PLUMBING
<b>Total ELITE MECHANICAL SYSTEMS LLC</b>			<b>\$34,399.67</b>		
<b>Paid Chk# 9916534 9/12/2014 GARAGE DOOR STORE</b>					
E 441-46300-434	Project Expense		\$11,400.00		MT POWER-OVERHEAD DOORS & OPERATORS
<b>Total GARAGE DOOR STORE</b>			<b>\$11,400.00</b>		
<b>Paid Chk# 9916535 9/12/2014 HOMETOWN SANITATION SERVICE</b>					
E 441-46300-434	Project Expense		\$2,691.00		MT POWER-DUMPSTER ON CONST SITE
<b>Total HOMETOWN SANITATION SERVICE</b>			<b>\$2,691.00</b>		
<b>Paid Chk# 9916536 9/12/2014 KADUCE PLUMBING &amp; HEATING</b>					
E 441-46300-434	Project Expense		\$16,979.35	22687	MT POWER-HVAC
<b>Total KADUCE PLUMBING &amp; HEATING</b>			<b>\$16,979.35</b>		
<b>Paid Chk# 9916537 9/12/2014 KNICKREHM ELECTRIC</b>					
E 441-46300-434	Project Expense		\$33,519.78		MT POWER-ELEC WORK
<b>Total KNICKREHM ELECTRIC</b>			<b>\$33,519.78</b>		
<b>Paid Chk# 9916538 9/12/2014 MATTISON SIGNS</b>					
E 441-46300-434	Project Expense		\$600.00		MT POWER-SIGN
<b>Total MATTISON SIGNS</b>			<b>\$600.00</b>		
<b>Paid Chk# 9916539 9/12/2014 NATURE CALLS SERVICES LLC</b>					
E 441-46300-434	Project Expense		\$85.50		MT POWER-PORTA POTTY RENT
<b>Total NATURE CALLS SERVICES LLC</b>			<b>\$85.50</b>		
<b>Paid Chk# 9916540 9/12/2014 SALONEK CONCRETE &amp; CONSTRUCTON</b>					
E 441-46300-434	Project Expense		\$42,547.17		MT POWER-STEEL BLDG
<b>ii SALONEK CONCRETE &amp; CONSTRUCTON</b>			<b>\$42,547.17</b>		

2

**\*Check Detail Register©**

August 2014 to September 2014

			Check Amt	Invoice	Comment
Paid Chk#	9916541	9/12/2014	<b>VIKING AUTO SPRINKLER CO</b>		
E 441-46300-434	Project Expense		\$11,241.00		MT POWER-FIRE SPRINKLER SYSTEM
	<b>Total VIKING AUTO SPRINKLER CO</b>		\$11,241.00		
Paid Chk#	9916542	9/12/2014	<b>VOSS PLUMBING &amp; HEATING</b>		
E 441-46300-434	Project Expense		\$149,687.13		CONCRETE WORK-MT POWER
	<b>Total VOSS PLUMBING &amp; HEATING</b>		\$149,687.13		
Paid Chk#	9916543	9/12/2014	<b>WILCON CONSTRUCTION INC</b>		
E 441-46300-434	Project Expense		\$5,803.48		MT POWER-GENERAL CONDITIONS
E 441-46300-434	Project Expense		\$12,918.79		CARPENTRY PACKAGE
E 441-46300-434	Project Expense		\$7,468.90		MT POWER-CONSTRUCTION MANAGEMENT
	<b>Total WILCON CONSTRUCTION INC</b>		\$26,191.17		
Paid Chk#	9916544	9/12/2014	<b>HOLT S CLEANING SERVICE INC.</b>		
E 608-46330-401	Repairs/Maint Buildings		\$661.25	1952	APT#1619-WATER REMOVAL
E 608-46330-401	Repairs/Maint Buildings		\$108.75	1953	APT#1619-CARPET CLEANING
	<b>Total HOLT S CLEANING SERVICE INC.</b>		\$770.00		
Paid Chk#	9916545	9/12/2014	<b>NICKEL CONSTRUCTION</b>		
E 403-46300-434	Project Expense		\$200.00	14113	WORK AT POP'D KERNS
	<b>Total NICKEL CONSTRUCTION</b>		\$200.00		
Paid Chk#	9916546	9/11/2014	<b>COUNTRY PRIDE SERVICES</b>		
E 101-45200-212	Motor Fuels		\$129.29		PARKS GAS
E 101-43100-212	Motor Fuels		\$921.40		ST DEPT GAS
E 231-42154-212	Motor Fuels		\$207.12		AMB DIESEL
E 101-42100-212	Motor Fuels		\$489.13		PD-CHARGER GAS
E 101-42100-212	Motor Fuels		\$64.50		PD-SUV GAS
E 221-42200-404	Repairs/Maint Machinery/Equip		\$150.64	087725	BATTERIES-FIRE DEPT
E 101-45200-404	Repairs/Maint Machinery/Equip		\$24.94	129505,08772	LAWNMOWER TIRE REPAIR, PAINT BB COURT AT PARK
E 607-46330-401	Repairs/Maint Buildings		\$183.65	129712,13073	FAUCET REPAIR-APT 400C,WASP SPRAY
E 211-45500-220	Repair/Maint Supply		\$50.70	129828	CLEANING SUPPLIES-LIBRARY
E 507-46103-430	Miscellaneous		\$0.96	130172	BOLTS-SIGN BY LAKE
E 101-45186-220	Repair/Maint Supply		\$25.62	130249	TOWELS & CLEANER-COMM CTR
E 101-45183-401	Repairs/Maint Buildings		\$1.07	130278	WASHER-CAMPGROUND
E 507-46103-430	Miscellaneous		\$7.29	130569	SCREWS/BOLTS-LAKE COMM CAN BIN
R 101-00000-36200	Miscellaneous Revenues		\$25.61	130594	BICYCLE TIRES-BIKE GRANT
E 211-45500-401	Repairs/Maint Buildings		\$9.61	130869	COMPOUND-LIB ROOF
E 608-46330-401	Repairs/Maint Buildings		\$471.15	130900,13029	CARPET PAD,SERVICE CALL-APT 1619
	<b>Total COUNTRY PRIDE SERVICES</b>		\$2,762.68		
Paid Chk#	9916547	9/11/2014	<b>ALPHA WIRELESS COMMUNICATIONS</b>		
E 221-42200-323	Radio-monthly service contract		\$36.00	672329	SEPT FD PAGER MAINT
E 231-42154-323	Radio-monthly service contract		\$44.00	672329	SEPT AMB PAGER MAINT
E 221-42200-404	Repairs/Maint Machinery/Equip		\$44.50	672669	RADIO BELT CLIPS-FIRE DEPT
	<b>Total ALPHA WIRELESS COMMUNICATIONS</b>		\$124.50		
Paid Chk#	9916548	9/11/2014	<b>CARDMEMBER SERVICE</b>		
E 101-41400-200	Office Supplies		\$120.00		DAWN-RENEW NOTARY BOND
E 101-41400-308	Training & Instruction		\$50.00	8/6/14	MUNICIPAL BOND MTG-MANKATO
	<b>Total CARDMEMBER SERVICE</b>		\$170.00		
Paid Chk#	9916549	9/11/2014	<b>CASEYS-CREDIT CARD DEPARTMENT</b>		
E 101-45200-212	Motor Fuels		\$297.36		PARKS GAS

3

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August 2014 to September 2014

			Check Amt	Invoice	Comment
E 101-00000-430	Miscellaneous		\$144.49		UT GAS(BILLED THEM)
Total CASEYS-CREDIT CARD DEPARTMENT			\$441.85		
Paid Chk# 9916550 9/11/2014 CITIZEN PUBLISHING					
E 101-41400-351	Legal Notices Publishing		\$94.90		TIF DISCLOSURE NOTICE
Total CITIZEN PUBLISHING			\$94.90		
Paid Chk# 9916551 9/11/2014 HEIMAN FIRE EQUIPMENT					
E 221-42200-404	Repairs/Maint Machinery/Equip		\$163.75	0826289	BOOTS FOR FIRE DEPT
Total HEIMAN FIRE EQUIPMENT			\$163.75		
Paid Chk# 9916552 9/11/2014 HIGLEY FORD					
E 231-42154-404	Repairs/Maint Machinery/Equip		\$79.38	65474	REPAIR IGNITION SWITCH-06 AMB
Total HIGLEY FORD			\$79.38		
Paid Chk# 9916553 9/11/2014 HOMETOWN SANITATION SERVICE					
E 101-45183-384	Refuse/Garbage Disposal		\$160.00	91556	SEPT GARBAGE FOR CAMPGROUND
Total HOMETOWN SANITATION SERVICE			\$160.00		
Paid Chk# 9916554 9/11/2014 INDOFF INCORPORATED					
E 101-42100-200	Office Supplies		\$38.66	2504834	PD-NOTE PADS,CORRECTION TAPE
E 101-42100-200	Office Supplies		\$9.16	2504835	PD-DESK CALENDARS
E 101-41400-200	Office Supplies		\$4.60	2504835	OFFICE-DESK CALENDAR
E 205-46500-200	Office Supplies		\$26.48	2504835	EDA-DESK CALENDAR,PLANNER
E 101-43100-200	Office Supplies		\$23.81	2504835	ST DEPT-CALENDAR,APPT BOOK
E 101-41400-200	Office Supplies		\$14.73	2507622	PENS, RIBBON
E 101-41400-200	Office Supplies		\$14.20	2509098	ORANGE PAPER
Total INDOFF INCORPORATED			\$131.64		
Paid Chk# 9916555 9/11/2014 KDOM RADIO					
E 101-00000-430	Miscellaneous		\$161.00	540140833322	MONTHLY ADVERTISING
Total KDOM RADIO			\$161.00		
Paid Chk# 9916556 9/11/2014 LAKER GRILL					
E 101-41410-208	Training and Instruction		\$67.33		PRIMARY ELECTION LUNCH
E 205-46500-430	Miscellaneous		\$56.11	8/8/14	EDA LUNCH
Total LAKER GRILL			\$123.44		
Paid Chk# 9916557 9/11/2014 MAYNARDS FOOD CENTER					
E 101-41410-208	Training and Instruction		\$10.70	8/11/14	PRIMARY ELECTION EXP
E 101-41400-200	Office Supplies		\$15.80	8/18/14	TP & PAPER TOWELS-OFFICE
E 101-41400-200	Office Supplies		\$4.98	8/6/14	CLEANERS FOR OFFICE
Total MAYNARDS FOOD CENTER			\$31.48		
Paid Chk# 9916558 9/11/2014 MCLAUGHLIN AND SCHULTZ					
E 101-43121-224	Street Maint Materials		\$1,475.15	009214	TAR-ST REPAIRS
Total MCLAUGHLIN AND SCHULTZ			\$1,475.15		
Paid Chk# 9916559 9/11/2014 MUNICIPAL UTILITIES					
E 202-49400-434	Project Expense		\$80,236.86		REIMBURSE-WELL EXPENSES
Total MUNICIPAL UTILITIES			\$80,236.86		
Paid Chk# 9916560 9/11/2014 PETERSON DRUG & GIFTS					
E 101-42100-404	Repairs/Maint Machinery/Equip		\$10.26	8/13/14	MAIL PD RADIO TO MANKATO
E 231-42154-210	Operating Supplies		\$139.98	8/19/14	TEST STRIPS FOR AMB
E 412-00000-430	Miscellaneous		\$13.26	8/29/14	SCOTCH TAPE-HANG NOTICES ON DOORS
E 231-42154-210	Operating Supplies		\$203.94	8/9/14	GLUCAGON-AMB

4

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August 2014 to September 2014

	Check Amt	Invoice	Comment
<b>Total PETERSON DRUG &amp; GIFTS</b>	<b>\$367.44</b>		

Paid Chk# 9916561	9/11/2014	PRAXAIR	
E 231-42154-210	Operating Supplies	\$49.30	50229693 AMB OXYGEN
<b>Total PRAXAIR</b>		<b>\$49.30</b>	

Paid Chk# 9916562	9/11/2014	SW/WC SERVICE COOPERATIVES	
E 211-45500-131	Employer Paid Health	\$1,070.16	OCT HEALTH INS-LIBRARY
E 101-43100-131	Employer Paid Health	\$1,926.28	OCT HEALTH INS-ST DEPT
E 101-41400-131	Employer Paid Health	\$2,140.32	OCT HEALTH INS-OFFICE
E 101-42100-131	Employer Paid Health	\$3,543.54	OCT HEALTH INS-POLICE DEPT
E 101-46200-131	Employer Paid Health	\$642.10	OCT HEALTH INS-CEMETERY
E 205-46500-131	Employer Paid Health	\$1,070.16	OCT HEALTH INS-EDA
E 101-42100-135	Employer Paid Other	\$366.00	OCT HEALTH INS-BRIAN LUNZ
E 101-45200-131	Employer Paid Health	\$642.10	OCT HEALTH INS-PARKS DEPT
<b>Total SW/WC SERVICE COOPERATIVES</b>		<b>\$11,400.66</b>	

Paid Chk# 9916563	9/11/2014	THIRD AVENUE AUTO PARTS	
E 101-00000-430	Miscellaneous	\$2.00	SERVICE CHARGE
E 101-43100-404	Repairs/Maint Machinery/Equip	\$2.79	S140949 CONNECTOR FOR SWEEPER
E 101-42100-406	Vehicle Maint/Gen Repairs	\$12.38	S141460 PD-FOAM CLEANER
E 101-45200-404	Repairs/Maint Machinery/Equip	\$19.37	S141539 OIL & FILTERS-LAWNMOWERS
E 101-45200-404	Repairs/Maint Machinery/Equip	\$5.78	S141585 OIL FOR MOWER
<b>Total THIRD AVENUE AUTO PARTS</b>		<b>\$42.32</b>	
10100 United Prairie		\$445,886.93	

**Fund Summary**

<b>10100 United Prairie</b>		
101 GENERAL FUND		\$24,484.16
202 2014 SMALL CITIES DEVELOP PROG		\$80,236.86
205 ECONOMIC DEVELOPMENT AUTHORITY		\$1,152.75
211 LIBRARY FUND		\$1,130.47
221 FIRE DEPT FUND		\$394.89
231 AMBULANCE FUND		\$723.72
240 PROTIENT--DTED LOAN		\$300.00
403 POPD KERNS CONST ACCT		\$200.00
412 2012 CITY WIDE PROJECT		\$13.26
415 MSG CONST ACCT		\$370.00
441 MT POWER CONST ACCT		\$333,691.77
507 LAKE COMMISSION FUND		\$8.25
607 EDA----4 PLEX FUND		\$519.23
608 EDA----8 PLEX FUND		\$2,086.57
609 EDA-- MASON MANOR		\$575.00
		<b>\$445,886.93</b>

Paid Chk# 000358E	9/8/2014	UNITED PRAIRIE BANK	
E 101-00000-430	Miscellaneous	\$25.00	WIRE FEE-SALE OF CONESTOGA BLDG TO MSC
<b>Total UNITED PRAIRIE BANK</b>		<b>\$25.00</b>	

Paid Chk# 000359E	9/8/2014	UNITED PRAIRIE BANK	
E 101-00000-430	Miscellaneous	\$4,102.14	WIRE-SALE OF CONESTOGA BLDG TO MSC
<b>Total UNITED PRAIRIE BANK</b>		<b>\$4,102.14</b>	

Paid Chk# 000360E	9/8/2014	UNITED PRAIRIE BANK	
E 609-46330-610	Interest	\$892.11	SEPTEMBER PAYMENT
G 609-22800	Notes Payable - Current	\$398.42	SEPTEMBER PAYMENT
<b>Total UNITED PRAIRIE BANK</b>		<b>\$1,290.53</b>	

5

The regularly scheduled September 2 Council meeting was not held due to a lack of quorum. The meeting was rescheduled for 8 p.m. Monday, September 8.

**DRAFT**  
**Mt. Lake City Council**  
**Mt. Lake City Hall**  
**Monday, September 8, 2014**  
**6:30 p.m.**

Members Present: Dean Janzen, David Savage, Andrew Ysker

Members Absent: Brian Schultz

Staff Present: Maryellen Suhrhoff, Muske, Muske and Suhrhoff, City Attorney; Wendy Meyer, Clerk/Administrator

Others Present: Dana Kass

**Call to Order**

Mayor Janzen called the meeting to order at 8 p.m. Motion by Savage, seconded by Ysker, to adopt the agenda and the consent agenda as presented.

Bills: Check #'s 49916471 - 9916514

Payroll: Check #'s 61277 - 61297

Aug. 18 Council Minutes

July 10 Police Commission Minutes

**Public**

No one present addressed the council <sup>during</sup> this portion of the meeting.

**2012- 2014 Street and Utility Project - Partial Pay Estimate #16**

Motion by Savage, seconded by Ysker, to approve payment of partial pay estimate #16 of \$813,688.60 to Kuechle Underground. Motion carried.

**2012-2014 Street and Utility Project - Sidewalk Replacement**

The sub-contractor hired to replace missing sections of sidewalk could not complete the work this spring because there are properties where the private sewer line work had not been done. Since that time many of the properties have had their private sewer line work done. The sub-contractor is not returning. Local contractors have been contacted to provide quotes for the work. Affected property owners have received letters encouraging them to get their sewer work done so the sidewalk on their property can be poured this fall.

**2012-2014 Street and Utility Project – Unpaid Electric and Fire Dept. Bills**

6

There are a number of unpaid bills owed by Kuechle Underground and its sub-contractors to the Fire Department and the Electric Department. The bills were reviewed and will be addressed before project retainage is paid.

**Well #7**

Well drilling began the week of Sept. 2.

**2015 Budget - Auditing Services**

The city received proposals from five auditing firms. The city and utility should be able to reduce costs. The administrator is still checking references. A recommendation will be made at the Sept. 15 council meeting.

**2015 Budget - Resolution #35-14 Adopting 2015 EDA Levy**

Motion by Ysker, seconded by Savage, to adopt Resolution #25-14 settling the 2015 levy.

Motion carried unanimously.

**2012-2014 Street and Utility Project Correction of Settling on 2<sup>nd</sup>, 5<sup>th</sup> and 6<sup>th</sup> Ave. and Prince St.** The city was recently served papers and is now being sued by Kuechle Underground over this issue. Janzen opened the closed meeting at 8:17 p.m., attorney/client privilege. The closed meeting was closed at 8:28 p.m. No action taken.

**Adjourn**

Motion by Ysker, seconded by Savage, to adjourn at 8:30 p.m.

**ATTEST:**

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Wendy Meyer, Clerk/Administrator

REGULAR UTILITIES COMMISSION MEETING  
THURSDAY, AUGUST 14, 2014  
7:00 A.M.

PRESENT: Mark Langland  
Bryan Borgen, Chairman  
Brett Lohrenz  
John Carrison  
Mike Johnson  
David Savage-City Council Liaison

ABSENT: None

Staff: Lynda Cowell – Utilities Office Manager  
Kevin Krahn – Water/Wastewater Supt.  
Dave Watkins – Water/Wastewater  
Ron Melson - Electric Supt.  
Wendy Meyer - City Administrator

OTHERS: Kyle Meyers, Kristi Helget - Abdo, Eick & Meyers

Bryan Borgen - Chairman called the regular meeting of the Utilities commission for August 14, 2014 to order at 7:00 a.m.

1. Minutes and Bills: Motion by Mark Langland seconded by Mike Johnson to accept the minutes and bills as presented. Motion carried. Checks #14581-14644.

2. Office Department:

**Audit Report by Abdo, Eick & Meyers:** Kyle Meyers presented the Utilities Audit to the Commission. Overall the Utilities are doing fine.

**5 x 16 Resolution #U-4-14:** Motion by Mark Langland seconded by John Carrison to adopt the resolution to purchase 5 day by 16 hour fixed price energy from CMMPA for the Years 2016-2020 as long as the price does not exceed \$52.00 per megawatt hour. Motion carried. After all CMMPA members adopt resolutions stating their interest in a '5 by 16' purchase CMMPA will begin negotiations with power suppliers. Resolution #U4-14supersedes Resolution #U3-14.

**Attach Utility bill to taxes:** Motion by Mark Langland seconded by Brett Lohrenz to attach Utility Account 3890-03-9 to property taxes for collection. Motion carried.

**Adjustments: FYI**

**2013 Conservation Improvement Plan Unofficial Totals:** The saving and spending totals of Mt. Lake Utility and cumulative totals of all participating Central MN Municipal Power Agency members were reviewed.

Meeting Adjourned.

Regular Meeting Lake Commission  
Monday August 11<sup>th</sup>, 2014

Members present : Jay, Dave, Jim

Guests: Cheryl Hiebert , Wendy Meyer

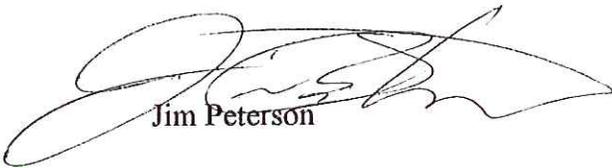
Meeting called to order at 6:35

Minutes and Treasurer's Report were read, no action was taken

Stenciling the trail and repairing the can bin roof were discussed. Work will be done as soon as possible.

Jim will make contact regarding beach permit.

Adjourned 7:15pm



Jim Peterson

REGULAR MEETING  
ECONOMIC DEVELOPMENT AUTHORITY

August 8, 2014

12:00 Noon

PRESENT: Dean Janzen, Vern Peterson, Mark Hanson, Brian Harder and Jerry Haberman

ABSENT: Steven Syverson, Clara Johnson, Advisory

STAFF PRESENT: Rob Anderson and Marva Ott

CITY ADMINISTRATOR: Wendy Meyer

GUESTS: Cheryl Hiebert-O/A

1. Call to Order: Mark called the meeting to order.
2. Consent Agenda. An extra bill was presented in the amount of \$350.00 from Brunton Architects for the Mt. Power project. Motion made and seconded by Dean and Vern to accept the bill presented for payment. Carried. Motion made and seconded by Brian and Dean to approve the minutes, bills and financials as presented including the extra bill. Carried.
3. Custom Motors: Rob stated that they are current through July but the August payment is due next week. No action.
4. Mt. Power Hydraulics project: Construction is moving along with floors being poured next week and walls will go up after that. Construction should be done the end of October if everything goes smoothly. Budget is in line and should even have a little left over at the end.
5. Milk Specialties Global: they are moving along with development. Purchase Agreement has not yet been signed as they are waiting on financing. Buhler Construction is the general and the permit has been applied for.
6. 2015 EDA Budget: Budget was reviewed. Motion made and seconded by Vern and Brian to approve the budget as presented. Carried.
7. Lot in Lakeview Estates owned by James and Shannon Dick: They have not started construction yet and it's been a year. Rob received a letter from them regarding the timeframe for construction. They are asking for a 1 year extension. After brief discussion a motion was made and seconded by Brian and Dean to agree to their request of a 1 year extension. Carried.
8. EDA rents at Heritage Estates: Marva stated that she had received several comments/complaints about the rents going up \$5.00 every year and tenants are asking how high we are going to go. Marva told the tenants that she would bring their inquiries

10

to the board. After some discussion, the board decided to leave the rent increase as is with a \$5.00 per year increase.

9. General Discussion:

- a. Update on water issue at Pop'd Kerns building-they have determined where the water is coming in and Wilcon and the contractors are working on a fix. They will restore the building once that is done including replacing all carpet in the office. Landscaping will also be done after everything else is complete.
- b. Industrial Park planning: Rob stated that we need to find more land for future development. We may need to have a professional look on Hwy 60 for land. It was suggested that we check on the Pankratz land. We could take it by eminent domain if they refuse to sell it. It would be necessary to do annexation also. The State is paying \$10,000.00 per acre for the Hwy 60 road. Another thought is doing redevelopment of Hiebert Greenhouse property. There is also approximately 20 acres that Midway would consider selling on the south of the highway. Rob suggested that we hire Bolton & Menk to come up with a plan. We would need to figure out how to finance that. Rob was directed to get cost estimates on hiring Bolton & Menk and bring that to the next meeting. On Hiebert's property we could do a TIF redevelopment or use grants to redevelop.
- c. BB's Diner: Rob told the board that Holt's Cleaning had finished cleaning it and it looks good. The roof has been repaired by Bargaen's. Mark stated that we haven't had any calls on it yet but they have it listed.
- d. Small Cities Well project: Wendy told the board that bids came in over \$100,000.00 over budget. SCG says that the EDA will need to give more money from our Balzer, MSC, and Protient Grant Funds but no \$ amount has been decided yet. We should know by next month what they want us to give.
- e. There was discussion about whether we should be getting the lots in Jenny's subdivision in buildable condition. After some discussion it was decided we should wait till we have someone interested as they may have specific needs.
- f. Council will decide on how much they need from the EDA for the well project. They would like to have the well done this fall yet.
- g. Deb Englund got a job in St. James so she will not be able to attend meetings anymore. She wants to resign. Motion made and seconded by Vern and Dean to accept her resignation. Carried. The board needs to think about additional advisors.
- h. Next meeting will be September 12<sup>th</sup>.

10. Meeting adjourned.

**Mountain Lake Public Library Board Minutes  
July 23, 2014**

**Members Present:** Diane Englin, Vickie Krueger, Barrie Wright, Carol Lehman, director

**Members Absent:** Marci Hernandez, Margaret Hopwood

**Others Present:** None

The meeting was called to order by chairman, Barrie Wright at 4:40 p.m.

**M/S/P Englin/Krueger** to approve the minutes of the June 11, 2014 meeting.

**M/S/P Englin/Krueger** to approve the June Monthly Report indicating 3,679 total circulation and expenditures in the amount of \$1,202.20.

**Old Business:** Reviewed the 2015 Capital Improvement Plan and discussed future library needs/wants.

**New Business:** Reviewed and discussed the proposed 2015 budget. The wages reflected a slight increase with the .50 per hour pay increase and it was decided to increase periodicals and AV materials by \$300 each. Most other line items will remain the same.

**June Library Activity Report** was presented.

The library board does not meet in August.

The meeting adjourned at 6:30 p.m.

**NEXT MEETING: Wednesday, September 10, 2014 at 4:00 p.m.**

Respectfully submitted,

Barrie Wright,  
Acting Secretary

12

CITY OF MOUNTAIN LAKE

PUBLIC LIBRARY REPORT

MONTH OF July, 2014

CIRCULATION AND USE

Adult fiction	_____
Adult nonfiction	_____
Non print (includes videos, cassettes, art prints, etc.)	_____
Juvenile	_____
Periodicals	_____
TOTAL CIRCULATION	<u>4,329</u>

Interlibrary loan sent	<u>226</u>
Interlibrary loan received	<u>333</u>
TOTAL ILL	<u>559</u>

ILL NON SYSTEM 101

RECEIPTS

Cash income	_____
Donations (monetary)	_____
County Revenue	_____
Misc. Revenue	_____
Fines	_____
Meeting room rental	_____
Sale of supplies	_____
TOTAL RECEIPTS	<u>- 0 -</u>

EXPENDITURES

Books	<u>161.73</u>
Periodicals	_____
Audio-visual	<u>83.79</u>
Supplies	<u>109.16</u>
Postage	_____
Miscellaneous	_____
Telephone	<u>59.30</u>
Repairs & maintenance - <i>Janitorial</i>	<u>345.00</u>
Repairs & maint. of equipment	_____
Project expense	<u>136.96</u>
Capital outlay	_____
Automation	_____
Gas Utilities	<u>17.48</u>
TOTAL EXPENDITURES	<u>\$ 913.42</u>

13

LIBRARY DIRECTOR Carol Lehman

**LIBRARY EXPENDITURES - JULY 2014**

Demco	Supplies	\$109.16
Frontier	Telephone Expense	\$59.30
Dennis Hulzebos	Repairs & Maint. - Janitorial	\$345.00
MN Energy Resources Corp.	Gas Utilities	\$17.48
Oriental Trading Co., Inc.	Project Expense	\$136.96
Synchrony Bank/Amazon	Books 161.73 / AV 83.79	\$245.52
		<hr/>
		\$913.42

14

CITY OF MOUNTAIN LAKE

PUBLIC LIBRARY REPORT

MONTH OF August, 2014

CIRCULATION AND USE

Adult fiction	_____
Adult nonfiction	_____
Non print (includes videos, cassettes, art prints, etc.)	_____
Juvenile	_____
Periodicals	_____
	<u>3,261</u>
TOTAL CIRCULATION	
	<u>260</u>
Interlibrary loan sent	_____
Interlibrary loan received	<u>298</u>
	<u>558</u>
TOTAL ILL	
	<u>83</u>
ILL NON SYSTEM	

RECEIPTS

Cash income	<u>64.14</u>
Donations (monetary)	_____
County Revenue	<u>12,660.94</u>
Misc. Revenue	<u>5.00 (FAX)</u>
Fines	<u>12.20</u>
Meeting room rental	_____
Sale of supplies	_____
	<u>\$12,742.28</u>
TOTAL RECEIPTS	

EXPENDITURES

Books	<u>846.50</u>
Periodicals	<u>376.81</u>
8.00 Audio-visual	<u>150.11</u>
19.20 Supplies	<u>696.75</u>
2.69 Postage	<u>2.69</u>
Miscellaneous	_____
Telephone	<u>60.06</u>
Repairs & maintenance	<u>345.00</u>
Repairs & maint. of equipment	_____
34.25 Project expense	<u>159.57</u>
Capital outlay	_____
Automation	_____
Gas Utilities	<u>17.48</u>
TOTAL EXPENDITURES	<u>\$2,654.97</u>

(15)

LIBRARY DIRECTOR Carol Lehman

## LIBRARY EXPENDITURES - AUGUST 2014

American Girl	Periodicals - 2 yr.	\$39.95
The Daily Globe	Periodicals - 1 yr.	\$143.00
Frontier	Telephone Expense	\$60.06
Good Housekeeping	Periodicals - 1 yr.	\$24.97
Harper's Bazaar	Periodicals - 1 yr.	\$16.97
Hot Rod	Periodicals - 2 yr.	\$34.97
Dennis Hulzebos	Repairs & Maint. - Janitorial	\$345.00
Indoff, Inc.	Supplies	\$677.55
Ingram	Books	\$491.94
Mary Janes Farm	Periodicals - 1 yr.	\$19.95
Maynard's	Project Expense	\$125.32
MN Energy Resources Corp.	Gas Utilities	\$17.48
Real Simple	Periodicals - 2 yr.	\$43.00
Synchrony/Amazon	Books 354.56 / AV 142.11	\$496.67
This Old House	Periodicals - 3 yr.	\$54.00
		\$2,590.83
	Cash Expenditures	\$64.14
		\$2,654.97
	Total	\$2,654.97

16

EXTRACT OF MINUTES OF A MEETING  
CITY COUNCIL OF THE  
CITY OF MOUNTAIN LAKE, MINNESOTA

HELD: September 15, 2014

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Mountain Lake, Cottonwood County, Minnesota, was duly held at the City Hall on September 15, 2014, at 6:30 P.M., for the purpose in part of awarding the sale of a \$47,444 General Obligation Water Revenue Note of 2014.

The following members were present:

and the following were absent:

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

Resolution No. 36-14

RESOLUTION ACCEPTING THE OFFER OF THE MINNESOTA PUBLIC FACILITIES  
AUTHORITY TO PURCHASE A \$47,444 GENERAL OBLIGATION WATER REVENUE  
NOTE OF 2014, PROVIDING FOR ITS ISSUANCE AND AUTHORIZING EXECUTION OF  
A BOND PURCHASE AND PROJECT LOAN AGREEMENT

A. WHEREAS, the City Council of the City of Mountain Lake, Minnesota (the "City"), has heretofore applied for a loan from the Minnesota Public Facilities Authority (the "PFA") to provide financing pursuant to Minnesota Statutes, Chapter 475 and Section 444.075, for a water project that will construct a new well (Well No. 7), make modifications to the existing well meter building, install a raw watermain and seal an old well all as detailed in the project certification dated August 14, 2014 (the "Project"); and

B. WHEREAS, the PFA is authorized pursuant to Minnesota Statutes, Chapter 446A, as amended, to issue its bonds (the "PFA Bonds") and to use the proceeds thereof, together with certain other funds, to provide loans and other assistance to municipalities to fund eligible costs of construction of publicly owned drinking water systems in accordance with the Federal Safe Drinking Water Act and to provide supplemental assistance pursuant to Minnesota Statutes, Section 446A.081; and

C. WHEREAS, the City has applied for a loan from the PFA pursuant to such program and the PFA has committed to make a loan to the City in the principal amount of \$47,444, to be disbursed and repaid in accordance with the terms of a Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated August 28, 2014 (the "Project Loan Agreement"), a copy of which has been presented to the Council and is on file with the Administrator/Clerk; and

D. WHEREAS, the \$47,444 General Obligation Water Revenue Note of 2014 (the "Note") of the City is tax-exempt, and in addition the City will need to assure the tax-exemption of the PFA Bonds; and

17

E. WHEREAS, in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(4), the City is authorized to issue obligations to a board, department or agency of the State of Minnesota by negotiation and without advertisement for bids and the PFA is, and has represented that it is, a board, department or agency of the State of Minnesota; and

F. WHEREAS, the City owns and operates a municipal sanitary sewer system (the "Sewer System") and a municipal water utility system (the "System") as separate revenue producing public utilities and the net revenues of the System are pledged to the payment of the City's outstanding (i) \$3,000,000 original principal amount of General Obligation Water Revenue Note of 2003, dated October 7, 2003; (ii) \$38,440 General Obligation Water Revenue Note of 2012, dated September 27, 2013; (iii) and together with the net revenues of the Sewer System the portion of the \$1,695,000 original principal amount of General Obligation Corporate Purpose Bonds, Series 2006A, dated June 1, 2006, designated as the "System Portion"; and (iv) and together with the net revenues of the Sewer System \$1,215,000 original principal amount of Corporate Purpose Crossover Refunding Bonds, Series 2011A, dated August 1, 2011, designated at the "System Refunding Portion" (the bonds described in (i) and (ii) are referred to herein as the "Water Bonds" and the bonds described in (iii) and (iv) are referred herein as the "Outstanding Bonds"); and

G. WHEREAS, a contract or contracts for the Project have been made by the City with the approval of the PFA and all other state and federal agencies of which approval is required:

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Mountain Lake, Cottonwood County, Minnesota, as follows:

1. Acceptance of Offer; Payment. The offer of the PFA to purchase a \$47,444 General Obligation Water Revenue Note of 2014 of the City (the "Note"), at the rate of interest hereinafter set forth, and to pay therefor the sum of \$47,444 as provided below, is hereby accepted, and the sale of the Note is hereby awarded to the PFA. Payment for the Note shall be disbursed in installments as eligible costs of the Project are reimbursed or paid, all as provided in the Project Loan Agreement.

2. Title; Date; Denomination; Interest Rates; Maturities. The Note shall be a fully registered negotiable obligation, shall be titled "General Obligation Water Revenue Note of 2014", shall be dated as of the date of delivery and shall be issued forthwith. The Note shall be in the principal amount of \$47,444, or so much thereof as shall be disbursed pursuant to the Project Loan Agreement, shall bear interest on so much of the principal amount of the Note as may be disbursed and remains unpaid until the principal amount of the Note has been paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2015. Interest starts accruing as of the date of the initial disbursement. Principal on the Note shall mature on August 20 of the years and in the installments as follows:

18

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	\$1,444	2025	\$2,000
2016	2,000	2026	2,000
2017	2,000	2027	3,000
2018	2,000	2028	3,000
2019	2,000	2029	3,000
2020	2,000	2030	3,000
2021	2,000	2031	3,000
2022	2,000	2032	3,000
2023	2,000	2033	3,000
2024	2,000	2034	3,000

Interest shall accrue only on the aggregate amount of the Note which has been disbursed and is unpaid under the Project Loan Agreement. The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full principal amount of the Note has not been disbursed; provided that if the full principal amount of the Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Principal, interest and any premium due under the Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name the Note is registered, in any coin or currency of the United States which at the time of payment is legal tender for public and private debts.

Interest on the Note includes amounts treated by the PFA as service fees.

3. Purpose; Cost. The proceeds of the Note shall provide funds to finance construction and acquisition of the Project. The total cost of the construction of the Project, including legal and other professional charges, publication and printing costs, interest accruing on money borrowed for the Project before the collection of net revenues pledged and appropriated therefor, and all other costs necessarily incurred and to be incurred from the inception to the completion of the Project, is estimated to be at least equal to the amount of the Note. 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.

4. Redemption. The Note shall be subject to redemption and prepayment in whole or in part at the option of the City, subject to the consent of the PFA, or mandatorily as provided in the Project Loan Agreement. If redemption is in part, installments of principal payable last under the Note shall be prepaid first, unless the City and the holder of the Note agree to a different result.

5. Registration of Note. At the time of issuance and delivery of the Note, the officer of the City performing the functions of the Treasurer (the "Treasurer") shall register the Note in the name of the payee in a note register which the Treasurer and the officer's successors in office

shall maintain for the purpose of registering the ownership of the Note. The Note shall be prepared for execution with an appropriate text and spaces for notation of registration. The force and effect of such registration shall be as stated in the form of Note hereinafter set forth. Payment of principal installments and interest, whether upon redemption or otherwise, made with respect to the Note, may be made to the registered holder thereof or to the registered holder's legal representative, without presentation or surrender of the Note.

6. Form of Note. The Note, together with the Certificate of Registration attached thereto, shall be in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF COTTONWOOD  
CITY OF MOUNTAIN LAKE

\$47,444 GENERAL OBLIGATION WATER REVENUE NOTE OF 2014

The City of Mountain Lake, Cottonwood County, Minnesota (the "City"), certifies that it is indebted and for value received promises to pay to the Minnesota Public Facilities Authority or the registered assign, the principal sum of FORTY SEVEN THOUSAND FOUR HUNDRED FORTY FOUR DOLLARS, or so much thereof as may have been disbursed on August 20 of the years and in the installments as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	\$1,444	2025	\$2,000
2016	2,000	2026	2,000
2017	2,000	2027	3,000
2018	2,000	2028	3,000
2019	2,000	2029	3,000
2020	2,000	2030	3,000
2021	2,000	2031	3,000
2022	2,000	2032	3,000
2023	2,000	2033	3,000
2024	2,000	2034	3,000

and to pay interest on so much of the principal amount of the debt as may be disbursed and remains unpaid until the principal amount hereof is paid or has been provided for, at the rate of 1.00% per annum (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Note is payable semi-annually on February 20 and August 20, commencing February 20, 2015. Interest starts accruing as of the date of the initial disbursement.

Principal and Interest Payments. Interest shall accrue only on the aggregate amount of this Note which has been disbursed under the Minnesota Public Facilities Authority Bond Purchase and Project Loan Agreement dated as of August 28, 2014, by and between the City and the Minnesota Public Facilities Authority (the "Project Loan Agreement"). The principal installments shall be paid in the amounts scheduled above even if at the time of payment the full

20

principal amount of this Note has not been disbursed; provided that if the full principal amount of this Note is never disbursed, the amount of the principal not disbursed shall be applied to reduce each unpaid principal installment in the proportion that such installment bears to the total of all unpaid principal installments (i.e., the remaining principal payment schedule shall be reamortized to provide similarly level annual installments of total debt service payments). Interest on this Note includes amounts treated by the Minnesota Public Facilities Authority as service fees. Principal, interest and any premium due under this Note will be paid on each payment date by wire payment, or by check or draft mailed at least five business days prior to the payment date to the person in whose name this Note is registered, in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts.

Redemption. This Note is subject to redemption and prepayment in whole or in part at the option of the City, subject to the consent of the Minnesota Public Facilities Authority, or mandatorily as provided in the Project Loan Agreement. If redemption is in part, installments of principal payable last under this Note shall be prepaid first, unless the City and the holder of this Note agree to a different result.

Purpose; General Obligation. This Note has been issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota for the purpose of providing money to finance the construction of improvements to the municipal water system (the "System"), specifically for a water project that will construct a new well (Well No. 7), make modifications to the existing well meter building, install a raw watermain and seal an old well all as detailed in the project certification dated August 14, 2014 and is payable out of the PFA Debt Service Account of the Water Fund of the City, to which account have been pledged net revenues of the System. This Note constitutes a general obligation of the City, and to provide moneys for the prompt and full payment of said principal installments and interest when the same become due, the full faith, credit and taxing powers of the City have been and are hereby irrevocably pledged.

Registration; Transfer. This Note shall be registered in the name of the payee on the books of the City by presenting this Note for registration to the Treasurer, who will endorse his or her name and note the date of registration opposite the name of the payee in the certificate of registration attached hereto. Thereafter this Note may be transferred to a bona fide purchaser only by delivery with an assignment duly executed by the registered owner or the registered owner's legal representative, and the City may treat the registered owner as the person exclusively entitled to exercise all the rights and powers of an owner until this Note is presented with such assignment for registration of transfer, accompanied by assurance of the nature provided by law that the assignment is genuine and effective, and until such transfer is registered on said books and noted hereon by the Treasurer.

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

Project Loan Agreement. The terms and conditions of the Project Loan Agreement are incorporated herein by reference and made a part hereof. The Project Loan Agreement may be

attached to this Note, and shall be attached to this Note if the holder of this Note is any person other than the Minnesota Public Facilities Authority.

Tax-Exempt Obligation. The City intends that the interest on this Note will be excluded from gross income for United States income tax purposes or from both gross income and taxable net income for State of Minnesota income tax purposes.

Qualified Tax-Exempt Obligation. This Note has been designated by the City as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the federal Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed, precedent to and in the issuance of this Note, have been done, have happened and have been performed, in regular and due form, time and manner as required by law; that the City has covenanted and agreed with the holder of this Note that it will impose and collect charges for the service, use and availability of and connection to the System at the times and in amounts necessary to produce net revenues adequate to pay all principal and interest when due on this Note; that the City will levy a direct, annual, irrepealable ad valorem tax upon all of the taxable property in the City, without limitation as to rate or amount, for the years and in amounts sufficient to pay the installments of principal and interest on this Note as they respectively become due, if the net revenues from the System and any other revenues irrevocably appropriated to said PFA Debt Service Account are insufficient therefor; and that this Note, together with all other debts of the City outstanding on the date hereof, being the date of its actual issuance and delivery, does not exceed any constitutional or statutory limitation of indebtedness.

IN WITNESS WHEREOF, the City of Mountain Lake, Cottonwood County, Minnesota, by its City Council has caused this Note to be executed on its behalf by the signatures of its Mayor and of its Administrator/Clerk, and the corporate seal of the City having been intentionally omitted as permitted by law, all as of (do not date), 2014.

CITY OF MOUNTAIN LAKE,  
COTTONWOOD COUNTY, MINNESOTA

\_\_\_\_\_  
(do not sign)  
Mayor

\_\_\_\_\_  
(do not sign)  
Administrator/Clerk

CERTIFICATE OF REGISTRATION

The transfer of ownership of the principal amount of the attached Note may be made only by the registered owner or his, her or its legal representative last noted below.

<u>DATE OF REGISTRATION</u>	<u>REGISTERED OWNER</u>	<u>SIGNATURE OF TREASURER</u>
(do not date)	Minnesota Public Facilities Authority Saint Paul, Minnesota Federal Employer Identification No. 41-6007162	(do not sign)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

7. Execution. The Note shall be executed on behalf of the City by the signatures of its Mayor and Administrator/Clerk; the seal of the City has been intentionally omitted as permitted by law. In the event of disability or resignation or other absence of either such officer, the Note may be signed by the manual signature of that officer who may act on behalf of such absent or disabled officer. In case either such officer whose signature shall appear on the Note shall cease to be such officer before the delivery of the Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as such officer had remained in office until delivery.

8. Delivery; Application of Proceeds. The Note when so prepared and executed shall be delivered by the Administrator/Clerk to the purchaser thereof prior to disbursements pursuant to the Project Loan Agreement, and the purchaser shall not be obliged to see to the proper application thereof.

9. Fund and Accounts. There has heretofore been created a separate fund in the City treasury designated the Water Fund (the "Fund"). The Administrator/Clerk and all municipal officials and employees concerned therewith shall maintain financial records of the receipts and disbursements of the System in accordance with the resolutions establishing the Fund. The Operation and Maintenance Account heretofore established by the City shall continue to be maintained in the manner heretofore provided by the City. All moneys remaining after paying or providing for the items set forth in the resolution establishing the Operation and Maintenance Account shall constitute and are referred to as "net revenues" until the Note has been paid. There shall be maintained in the Fund the following accounts:

(a) A "PFA Construction Account", to which shall be credited all proceeds received from the sale of the Note. It is recognized that the sale proceeds of the Note are received in reimbursement for costs expended on the Project or in direct payment of such costs, and that accordingly the moneys need not be placed in the PFA Construction Account upon receipt but may be applied immediately to reimburse the source from which the expenditure was made. The moneys in the PFA Construction Account shall be used solely for the purpose of paying for the cost of constructing the Project, including all costs enumerated in Minnesota Statutes, Section 475.65, provided that such moneys shall only be expended for costs and expenses which are permitted under the Project Loan Agreement. The PFA prohibits the use of proceeds of the Note to reimburse costs initially paid from proceeds of other obligations of the City unless otherwise specifically approved. Upon completion of the Project and the payment of the costs thereof, any surplus shall be transferred to the PFA Debt Service Account.

(b) A "PFA Debt Service Account", to which shall be irrevocably appropriated, pledged and credited: (i) net revenues of the System in an amount sufficient to pay the principal of, and interest on, the Note when due; (ii) any collection of taxes which may hereafter be levied in the event the net revenues of the System herein pledged for the payment of the Note are insufficient therefor; (iii) all investment earnings on moneys held in the PFA Debt Service Account; (iv) any amounts transferred from the PFA Construction Account; and (v) any other moneys which are properly available and are appropriated by the City Council to the PFA Debt Service Account. The moneys in the PFA Debt Service Account shall be used only to pay or prepay the principal of, and

interest on, the Note and any other general obligation bonds hereafter issued and made payable from the PFA Debt Service Account, and to pay any rebate due to the United States with respect to the PFA Bonds in connection with the Note.

No portion of the proceeds of the Note 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 Note was issued, and (2) in addition to the above in an amount not greater than the lesser of five percent of the proceeds of the Note or \$100,000. To this effect, any proceeds of the Note or any sums from time to time held in the PFA Construction Account, Operation and Maintenance Account or PFA Debt Service Account (or any other City account which will be used to pay principal or interest to become due on the Note) in excess of amounts which under then 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. In addition, moneys in the Fund 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 Note to be "federally guaranteed" within the meaning of Section 149(b) of the federal Internal Revenue Code of 1986, as amended (the "Code").

The City shall observe the covenants of paragraphs 18, 19 and 20 of this resolution and of Article III of the Project Loan Agreement with regard to the Fund.

10. Coverage Test; Pledge of Net Revenues; Excess Revenues. It is hereby found, determined and declared that the net revenues of the System are sufficient in amount to pay when due the principal of and interest on the Note and the Water Bonds a sum at least five percent in excess thereof. The net revenues of the System and the Sewer System are sufficient to pay the Outstanding Bonds and a sum at least five percent in excess thereof, and the net revenues of the System are hereby pledged on a parity lien with the Water Bonds and the Outstanding Bonds, but solely to the extent required to meet the principal and interest requirements of the Note. Excess net revenues may be used for any proper purpose. Nothing contained herein shall be deemed to preclude the City from making further pledges and appropriations of the net revenues of the System for the payment of other or additional obligations of the City, provided that it has first been determined by the City Council that estimated net revenues of the System will be sufficient, in addition to all other sources, for the payment of the Note and such additional obligations, and any such pledge and appropriation of net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation herein. Net revenues in excess of those required for the foregoing may be used for any proper purpose.

11. Pledge to Produce Revenues. In accordance with Minnesota Statutes, Section 444.075, the City hereby covenants and agrees with the holder of the Note that it will impose and collect charges for the service, use and availability of and connection to the System at the times and in the amounts required to produce net revenues adequate to pay all principal and interest when due on the Note.

12. General Obligation Pledge. For the prompt and full payment of the principal and interest on the Note, as the same respectively become due, the full faith, credit and taxing powers of the City shall be and are hereby irrevocably pledged. If the net revenues of the System appropriated and pledged to the payment of principal and interest on the Note, together with other funds irrevocably appropriated to the PFA Debt Service Account shall at any time be insufficient to pay such principal and interest when due, the City covenants and agrees to levy, without limitation as to rate or amount, an ad valorem tax upon all taxable property in the City sufficient to pay such principal and interest as they become due. If the balance in the PFA Debt Service Account is ever insufficient to pay all principal and interest then due on the Note and any other obligations payable therefrom, the deficiency shall be promptly paid out of any other funds of the City which are available for such purpose, and such other funds may be reimbursed, with or without interest, from the PFA Debt Service Account when a sufficient balance is available therein.

13. Certificate of Registration. The Administrator/Clerk is hereby directed to file a certified copy of this resolution with the County Auditor of Cottonwood County, Minnesota, together with such other information as the County Auditor shall require, and to obtain the County Auditor's certificate that the Note has been entered in the County Auditor's Bond Register.

14. Project Loan Agreement. The Project Loan Agreement is hereby approved in substantially the form heretofore presented to the City Council, and in the form executed is hereby incorporated by reference and made a part of this resolution. Each and all of the provisions of this resolution relating to the Note are intended to be consistent with the provisions of the Project Loan Agreement, and to the extent that any provision in the Project Loan Agreement is in conflict with this resolution as it relates to the Note, that provision shall control and this resolution shall be deemed accordingly modified except as provided in paragraph 15. The Mayor and Administrator/Clerk are hereby authorized and directed to execute the Project Loan Agreement. The execution of the Project Loan Agreement by the appropriate officers shall be conclusive evidence of the approval of the Project Loan Agreement in accordance with the terms hereof. The Project Loan Agreement may be attached to the Note, and shall be attached to the Note if the holder of the Note is any person other than the MPFA.

15. Principal Forgiveness. In addition to the Note, the City is obligated to repay the Principal Forgiveness (as defined in the Project Loan Agreement) in accordance with Section 2.4, Article II of the Project Loan Agreement. Notwithstanding any provision to the contrary in the Project Loan Agreement, the Principal Forgiveness is payable solely from legally available funds and is a special, limited revenue obligation and not a general obligation of the City. Neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the Principal Forgiveness.

16. Records and Certificates. The officers of the City are hereby authorized and directed to prepare and furnish to the PFA, and to the attorneys approving the legality of the issuance of the Note, certified copies of all proceedings and records of the City relating to the Note 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 Note 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.

17. Negative Covenants as to Use of Proceeds and Project. The City hereby covenants not to use the proceeds of the Note or to use the Project, 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 Note to be a "private activity bond" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that no actions will be taken over the term of the Note that would cause it to be a private activity bond, and the average term of the Note is not longer than reasonably necessary for the governmental purpose of the issue. The City hereby covenants not to use the proceeds of the Note in such a manner as to cause the Note to be a "hedge bond" within the meaning of Section 149(g) of the Code.

The City hereby covenants not to use the proceeds of the Note or to use the Project, or to cause or permit them to be used, or to enter into any deferred payment arrangement for the cost of the Project, in such a manner as to cause the PFA Bonds to be "private activity bonds" within the meaning of Sections 103 and 141 through 150 of the Code. The City reasonably expects that it will take no actions over the term of the Note that would cause the PFA Bonds to be private activity bonds, and the average term of the Note is not longer than reasonably necessary for its governmental purpose.

18. Tax-Exempt Status of the Note; 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 Note, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the Note, and (c) the rebate of excess investment earnings to the United States if the Note (together with other obligations reasonably expected to be issued and outstanding at one time in this calendar year) exceeds the small-issuer exception amount of \$5,000,000.

For purposes of qualifying for the exception to the federal arbitrage rebate requirements for governmental units issuing \$5,000,000 or less of bonds, the City hereby finds, determines and declares that (a) the Note is issued by a governmental unit with general taxing powers, (b) the Note is not a private activity bond, (c) ninety-five percent or more of the net proceeds of the Note are to be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City), and (d) the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City (and all subordinate entities thereof, and all entities treated as one issuer with the City) during the calendar year in which the Note is issued and outstanding at one time is not reasonably expected to exceed \$5,000,000, all within the meaning of Section 148(f)(4)(D) of the Code.

19. Tax-Exempt Status of the PFA Bonds; Rebate. The City with respect to the Note 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 PFA Bonds, including without limitation (a) requirements relating to temporary periods for investments, (b) limitations on amounts invested at a yield greater than the yield on the PFA Bonds, and (c) the rebate of excess investment earnings to the United States. The City covenants and agrees with the PFA

and holders of the Note that the investments of proceeds of the Note, including the investment of any revenues pledged to the Note which are considered gross proceeds of the PFA Bonds under the applicable regulations, and accumulated sinking funds, if any, shall be limited as to amount and yield in such manner that the PFA Bonds shall not be arbitrage bonds within the meaning of Section 148 of the Code and any regulations thereunder. On the basis of the existing facts, estimates and circumstances, including the foregoing findings and covenants, the City hereby certifies that it is not expected that the proceeds of the Note will be used in such manner as to cause the PFA Bonds to be arbitrage bonds under Section 148 of the Code and any regulations thereunder. The Mayor and Administrator/Clerk shall furnish a certificate to the PFA embracing or based on the foregoing certification at the time of delivery of the Note to the PFA. The proceeds of the Note will likewise be used in such manner that the Note is not a private activity bond under Section 103(b) of the Code.

20. Designation of Qualified Tax-Exempt Obligation. In order to qualify the Note as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code, the City hereby makes the following factual statements and representations:

- (a) the Note is issued after August 7, 1986;
- (b) the Note is not a "private activity bond" as defined in Section 141 of the Code;
- (c) the City hereby designates the Note as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code;
- (d) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds, treating qualified 501(c)(3) bonds as not being private activity bonds) which will be issued by the City (and all entities treated as one issuer with the City, and all subordinate entities whose obligations are treated as issued by the City) during this calendar year 2014 will not exceed \$10,000,000;
- (e) not more than \$10,000,000 of obligations issued by the City during this calendar year 2014 have been designated for purposes of Section 265(b)(3) of the Code; and
- (f) the aggregate face amount of the Note does not exceed \$10,000,000.

The City shall use its best efforts to comply with any federal procedural requirements which may apply in order to effectuate the designation made by this paragraph.

21. 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.

22. 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 full discussion thereof and upon a vote being taken thereon, the following voted in favor thereof:

and the following voted against the same;

Whereupon the resolution was declared duly passed and adopted.

29

STATE OF MINNESOTA  
COUNTY OF COTTONWOOD  
CITY OF MOUNTAIN LAKE

I, the undersigned, being the duly qualified and acting Administrator/Clerk of the City of Mountain Lake, 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, duly called and held on the date therein indicated, insofar as such minutes relate to the \$47,444 General Obligation Water Revenue Note of 2014.

WITNESS my hand and City's seal on September 15, 2014.

\_\_\_\_\_  
Administrator/Clerk

(SEAL)

30

Audit RFP's  
Due 8-29-14

Firm	2014 Audit	2015 Audit	2016 Audit	Single Audit	State Auditor filings	TIF per district (5 in 2014)	Electric "Attach. O"	Fire Relief	Special Projects Rate	2014 Total (Does not include Fire Relief Audit)
Oberloh	\$11,500	\$12,000	\$13,000	\$2,000	Included	\$400	Included	\$2,800	\$120/hour	\$15,500
Burkhardt	\$13,250	\$13,600	\$13,950	\$1,500 for 2014-2016	\$275 for 2014 - 2016	\$400 - 2014 \$425 - 2015 \$450 - 2016	\$850 - 2014 \$875 - 2015 \$925 - 2016	\$1,650 - 2014 \$1,700 - 2015 \$1,750 - 2016	Not Requested	\$17,875
Meulebroeck, Taubert & Co.	\$16,500	\$17,000	\$17,000	?	included	\$900	\$1,500	\$2,500	\$45-\$90 depending on staff assigned	\$22,500
Abdo, Eick & Meyers	\$24,000	\$24,500	\$25,000	\$2000 each plus \$200 (data form)	\$600 - 2014 \$610 - 2015 \$620 - 2016	\$200 - 2014 \$204 - 2015 \$208 - 2016	Included	\$2,950 - 2014 \$3,010 - 2015 \$3,700 - 2016	Not Requested	\$25,400
EideBailly	\$25,000	\$25,500	\$26,000	\$3,500 - 2014 \$3,600 -	\$750 for 2014-2016	\$500	\$1,500 for 2014-2016	\$2,500 - 2014 \$2,600 - 2015 \$2,700 - 2016	Not Requested	\$33,250
Abdo 2013	\$26,100			\$2,150	\$860	\$225	na	na		\$29,785

31

**RELEVANT LINKS:**

2014 Minn. Laws ch. 308,  
Art. II, § 11 amending Minn.  
Stat. § 275.065, subd. 1.

Minn. Stat. § 275.066.

See LMC model Resolution  
*Adopting Final Property Tax  
Levy.*

## V. Truth in taxation

The table below outlines the annual TNT process and deadlines. New this year, for cities over population 500, the deadline to adopt the preliminary tax levy and certify it to the county auditor has been moved from September 15 to September 30. However, the deadline for “special taxing districts” (EDAs, HRAs, port authorities and others) remains September 15.

According to the Department of Revenue, cities with populations of 500 or less and all special taxing districts (except the Metropolitan Council, the Metropolitan Airports Commission, and the Metropolitan Mosquito Control Commission) are exempt from the requirement to hold a truth-in-taxation (TNT) meeting with public input prior to adoption of the final levy. All cities, including cities with populations of 500 or less, must still certify proposed property tax levies to the county auditor on or before Sept. 30, 2014, and special taxing districts must do so by Sept. 15, 2014.

All cities and special taxing districts must certify the final property tax levy to the county auditor by Dec. 29, 2014 (five working days after Dec. 20). If this deadline is missed, the final levy for 2014 will stay the same as it was in 2013.

TNT Summary Chart for Taxes Payable 2015	
Date	Action
On or before Sept. 15	Special taxing districts (EDAs, HRAs; port authorities, etc.) must adopt any proposed property tax levy and certify the proposed levy to the county auditor.
On or before Sept. 30	At one meeting, the city council adopts the proposed property tax levy and <u>announces the time and place of a future city council meeting at which the budget and levy will be discussed and public input allowed, prior to final budget and levy determination. This public input meeting must occur after Nov. 24 and must start at or after 6 p.m. The time and place of the public input meeting must be included in the minutes but newspaper publication of the minutes is not required.</u>

Council set Dec. mtg. dates  
of Tues. Dec. 2 & Tues. Dec. 16  
to avoid conflicts with MLPS  
calendar/events.

32

RELEVANT LINKS:

2014 Minn. Laws ch. 265, § 1 amending Minn. Stat. § 211A.02.

26 U.S.C.A. § 3121 (b)(7)(F)(iv). Circular E Employers' Tax Guide (IRS Publication 15). PERA Election Judges.

Date	Action
On or before Sept. 30	Cities must provide the county auditor with the following information: <ul style="list-style-type: none"> <li>• The time and place of the meeting at which the budget and levy will be discussed and public input allowed. (Again, meeting must occur after Nov. 24, and must not start before 6 p.m.)</li> <li>• A phone number that city tax payers may call if they have questions related to the auditor's property tax notice; this does not require listing a private phone number.</li> <li>• An address where comments will be received by mail; this does not require listing a private address.</li> </ul>
Nov. 11 to Nov. 24	County auditor prepares and sends parcels specific notices.
Nov. 25 to Dec. 29	Cities of population greater than 500 hold meeting to discuss the budget and property tax levy and, before a final determination, allows public input.
On or before Dec. 29	Cities must also file the certificate of compliance (Form TNT) with the Department of Revenue by Dec. 29, 2014.

## VI. Election law

**Web publication of campaign finance reports.** If a city already maintains a website and the city has 400 or more registered voters as of the first of the year, there is a new requirement for those cities to make available on the city website all campaign finance reports required to be filed with the city. The clerk must post the reports on the city website as soon as possible, but no later than 30 days after receipt of the report, and the reports must remain on the city's website for 4 years from the date they are first posted online. A link to the section of the website where the reports are found must be provided to the Campaign Finance and Public Disclosure Board. This new requirement is effective May 15, 2014 and does not apply to cities without a website or cities with fewer than 400 registered voters as of January 1 of the given year.

## VII. Election judge wages and withholding

**Income tax withholding:** Paying election judges. Election judges' pay is exempt from state and federal income tax withholding. (Election judges are responsible for declaring the wages as personal income and may have to pay income tax depending on the judge's personal situation—but the city need not withhold income taxes).

33

**City of Mt. Lake**

**Mt. Lake City Council  
Resolution #37-14**

**Resolution Adopting Proposed Preliminary Property Tax Levy**

**Be it resolved** by the Council of the City of Mt. Lake, County of Cottonwood, Minnesota, that the following sum of money be levied for the current year, collectible in 2015, upon taxable property in the City of Mt. Lake:

Total levy                    \$ \_\_\_\_\_

The Clerk/Administrator is hereby instructed to transmit a certified copy of this resolution to the county auditor of Cottonwood County, Minnesota.

Motion by Member:  
Seconded by Member:  
Voting Aye:  
Voting Nay:  
Absent:

Whereupon, said Resolution is hereby declared passed.

Adopted by the City Council on Sept. 15, 2014.

\_\_\_\_\_  
Mayor Dean Janzen

ATTEST:

\_\_\_\_\_  
Wendy Meyer, Clerk/Administrator

34

# MSRS - Health Care Savings Plan

- ▶ Home
- ▶ General Information
- ▶ Account Online
- ▶ Online Forms
- ▶ Health Care (HCSP)
  - Plan Features
  - Participation
  - Eligible Expenses

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- HCSP Advisor

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- Frequently Asked Questions
  - Contributions
  - Reimbursements
  - HCSP/HSA Compatibility
  - Returning to Work
  - Beneficiary Designation
  - Death of Participant

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- Forms To Complete
  - Investments

[Home](#) >> [Health Care Savings Plan](#) >> [Plan Features](#)

## Plan Features

### What is the Health Care Savings Plan?

The Health Care Savings Plan (HCSP) is an employer-sponsored program that allows employees to save money, tax-free, to use upon termination of employment to pay for eligible health care expenses for you, your spouse and legal tax dependents, and your children up to their 26th birthday regardless of their marital status, status as a full-time student, or place of residence.

Employees will be able to choose among seven different investment options provided by the State Board of Investment. HCSP is a tax-free account which means contributions and eligible reimbursements are not reportable on state or federal income tax returns.

### What legal authority exists to offer the HCSP?

MSRS received its private letter ruling establishing the HCSP as a tax-exempt benefit on July 29, 2002.

Chapter 352.98, authorizes Minnesota State Retirement System (MSRS) to offer this program to state employees, as well as all other governmental subdivisions.

### Who chooses how contributions will be made to the HCSP?

*Employees covered by a bargaining unit:*

Amounts to be put into the account must be negotiated or agreed to by both the bargaining unit and employer and written into the collective bargaining agreement or Memorandum of Understanding (MOU).

*Employees not covered by a bargaining unit:*

Amounts to be put into the account must be agreed to by the employer and included in a written personnel policy.

### What type of contributions can be made to the plan to receive the favorable tax treatment?

*Employer Contributions:*

An employer could elect to put a specific dollar amount into employees' accounts, or set aside a percentage of employees' salaries into the accounts.

*Mandatory Employee Contributions:*

A mandated monthly contribution could be required to be set aside in a plan.

*Severance Pay:*

Many public employers pay unused vacation or sick leave at the time of termination. The policy may mandate that all or a portion of this payout be put into the plan.

### How would I benefit from the plan?

The HCSP allows employees to set aside money to cover the ever-increasing costs of health insurance and out-of-pocket expenses after termination of public service. While deferred compensation plans or retirement accounts provide a tax-deferred benefit, amounts paid out are considered taxable income. Under the HCSP, amounts contributed are tax-free and no taxes are paid on amounts to pay health, dental and long-term care insurance premiums, as well as, out-of-pocket medical expenses.

This tax advantage could result in significant savings to you and your family. For example, let's say you are eligible for \$5,000 in severance. If paid in cash, after subtracting federal, state, and FICA (Social



Security and Medicare) taxes, the net amount of the payment would be approximately \$3,000. If that same amount was transferred into your Health Care Savings Plan, the entire amount of \$5,000 would be available to provide health care coverage.

#### **How does my employer benefit?**

The Health Care Savings Plan allows your employer an opportunity to offer a benefit that you can use to cover the rising cost of health care. Employers are not required to pay FICA (7.65%) taxes on amounts contributed to this plan. There are no employer participation fees.

#### **What responsibilities does my employer have regarding the administration of the HCSP?**

 The main responsibility is to determine how contributions will be made to the plan and making contributions to the plan on behalf of eligible employees. MSRS will provide your employer with an employer enrollment kit that includes instructions to help your employer get started. MSRS staff is also available to make on-site visits to explain the benefit and help get you started.

#### **How do I get started?**

Once your employer has agreed to participate, and MSRS receives your first contribution, you will receive a welcome packet. This packet will include all HCSP information and any forms you will need to complete. A personal identification number (PIN) will be sent to you so you can access your account online or through the Automated Voice Response (AVR) System on the phone. Remember to:

- Establish how you would like your future contributions invested.
- Complete the Beneficiary Designation form (even if you have a spouse or legal dependents).

#### **How will my assets be invested?**

Your money will be invested in the Money Market, an interest bearing account, until you designate otherwise. You will be able to choose among seven different investment options. You may change your investment selections as often as you like. You can contribute to as many of the seven available investments as you wish. It is important to review your investment strategies at least once every year. You can do this and change your allocations by using your PIN to access your account online or by calling us.

#### **Will I receive statements?**

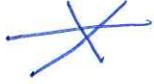
Yes. Quarterly statements will be mailed directly to the address we have on file or you can sign up for e-delivery on this website.

#### **What is the cost?**

The administrative fees to administer the plan are deducted from your account. The annual fee is 0.65 percent. This fee is prorated and deducted monthly from your account balance. For example, if you have an account value of \$10,000, \$5.42 per month will be deducted from your account. The maximum annual fee charged on an account will be \$140 or \$11.67 per month. All fees are subject to change.

In addition, an annual investment expense is charged by the State Board of Investment. See [Investment Performance](#).

#### **When am I eligible to request reimbursements?**

 You can access your HCSP account for the reimbursement of eligible medical expenses when you separate from service at any age, retire, or are collecting a disability benefit from a Minnesota public employer.

 Only eligible medical expenses incurred after you leave public employment can be reimbursed. You incur an expense the date the service is provided, not when the bill is paid.

#### **How will reimbursements be made?**

MSRS will reimburse you directly for your out-of-pocket health care expenses. Payments will be made to plan participants who submit a proper *Reimbursement Request* form and proof that the expense was incurred.

MSRS can also set you up on a monthly payment schedule for your health insurance premium costs.

Those monthly reimbursements will occur on the last Friday of each month.

**How are reimbursements from the HCSP treated for tax purposes?**

Reimbursements paid from the Health Care Savings Plan to cover your health insurance and medical expenses will never be taxed. No income tax withholding or reporting is required unless a non-spousal beneficiary has inherited the remaining account balance upon your death.

The account balance can only be used to offset health care costs or the cost of health insurance, and at no time can be accessed for other purposes.

**Eligible expenses**

Eligible expenses include those expenses which are deductible for federal income tax purposes. These include expenses related to the diagnosis, care, treatment or prevention of disease. For more information please see [Eligible Expenses](#) or IRS Publication 502.

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Minnesota State Retirement System

60 Empire Drive, Suite 300, St. Paul, MN 55103-3000

Telephone: (651) 296-2761, Toll Free: (800) 657-5757, Fax: (651) 297-5238

E-Mail: [info@msrs.us](mailto:info@msrs.us)

Please do not include confidential information, such as social security numbers, in email correspondence with MSRS.

[An Equal Opportunity Employer](#)