

MILACA CITY COUNCIL AGENDA
MAY 15, 2008

6:30

Call meeting to order
Roll Call

Consent Agenda

Minutes of April 17 regular council meeting
Bills for payment
Change June meeting date to June 12
Authorize Tracy Cann to make electronic transfers
Approve 457 plan document changes
Resolution No. 08 – 20 Assessing Unpaid Water & Sewer Bill
Resolution No. 08 – 21 Assessing Unpaid Water & Sewer Bill
Resolution No. 08 – 22 Assessing Unpaid Water & Sewer Bill
Resolution No. 08 – 23 Assessing Unpaid Water & Sewer Bill
Resolution No. 08 – 24 Assessing Unpaid Water & Sewer Bill
Resolution No. 08 – 25 Assessing Tree Removal
Resolution No. 08 – 26 Assessing Tree Removal
Resolution No. 08 – 27 Approving lease agreement amendment
with State
Increase Parks “Other professional services” line item budget by
\$900 to reflect the cost to remove two trees from private property
City Treasurer’s report

Citizens Forum

Girl Scouts

Public Hearing

Requests and Communications

Memo from Historical Society

Ordinances and Resolutions

Ordinance No. 375 Design standards (First reading)
Ordinance No. 376 Residential driveway widths
Resolution No. 08 – 28 Voiding Resolution No. 07 – 47

Reports of Boards and Commissions

Planning commission
Economic Development commission
Airport commission
 Condition of two hangers
Parks commission
 Park bond issue
Downtown Initiative

Unfinished Business

Street vacation request – Resolution No. 08 – 17

New Business

5th Street SW Barricade

Water reader system

Approve Initiative Foundation grant application

Accept bid for Industrial Park street extension

Council Comments

Adjourn

This agenda and attachments are available on the city's website, www.cityofmilaca.org

MILACA CITY COUNCIL MINUTES
APRIL 17, 2008

The regular meeting of the Milaca City Council was called to order at 6:30 by Mayor Harold Pedersen. Upon roll call the following Council members were present: Totzke, Dillan, Bekius, and Judd.

Staff present: Lerud, Quaintance, Weller, Schieffer, and Toven.

Others present: Roxy Traxler, Steve Johnson, John Ostmo, Scott Fuller, Mark VanOrt, Jerry Lateral, John and Ardy Becklin, Stacey Wiedewitsch, Janelle Bitzen, Jamie Golden, Elle Golden, Britta Gahm, and Roseanne Anderson.

Motion by Totzke, second by Dillan to approve the consent agenda

1. Minutes of March 20 regular council meeting.
2. General bills, 8077E-8081E, #34961-34966, #35033-35040, #35047-35099, totaling \$100,744.09; Liquor bills, 908009E-908012E, #20530-20545, #20584-20599, totaling \$99,961.07.
3. Move June meeting date to June 12 at 6:30 p.m.
4. RESOLUTION NO. 08-13 ASSESSING AN UNPAID WATER AND SEWER BILL (entire text appears in Resolution book.)
5. RESOLUTION NO. 08-14 ASSESSING AN UNPAID WATER AND SEWER BILL (entire text appears in Resolution book.)
6. RESOLUTION NO. 08-15 ASSESSING AN UNPAID WATER AND SEWER BILL (entire text appears in Resolution book.)
7. RESOLUTION NO. 08-16 REMOVING ASSESSMENT (entire text appears in Resolution book.)
8. Accept City Treasurer's report.

Unanimous consent.

Mayor Pedersen opened citizen's forum and invited anyone to speak to an item not on the agenda.

Three girl scouts presented a plan to make some improvements to Rec Park. They asked for the council's approval. Mayor Pedersen thanked them for their efforts, and invited them to coordinate with Greg Moyer.

Motion by Bekius, second by Dillan to support the girl scouts with their Rec Park project, unanimous consent.

No one else came forward.

Mayor Pedersen closed citizen's forum.

Mayor Pedersen opened the public hearing regarding the street vacation request.

Steve Johnson, architect from Vedder Johnson, gave a presentation about the proposed courts building project. He said the project consists of a two-story 40,000 square foot building, with the possibility of adding a third story at some time in the future. He went through the parking requirements, and said based on their calculation, they need an additional 114 parking stalls based on the net square feet.

Roxy Traxler, County Coordinator, said the county is in negotiations for the purchase of one house along Third Street, and if purchased, that parcel would yield 40 stalls. The new parking lot should be paved by the first of June. She said the county is trying to avoid "hop scotching" lots through the residential area, and doing this in a comprehensive manner.

Mayor Pedersen read the letter from Trinity Lutheran Church.

John Ostmoec expressed concern about his property value and garage access should the vacation requests be approved. He said he views this as a "line in the sand" with regard to residential and business districts and wants to make sure the residential interests are protected.

Scott Fuller, representing his parents, who live at 540 3rd Street SE, expressed concern about access through the vacated alley to their garage. He said he was concerned about the proposed parking on the south half of the block on the east side of the road. On behalf of his parents, he said he was against it.

Council member Bekius asked Traxler if the county had looked into the value of properties and how the values might be affected. Traxler said the county had not yet looked at that.

Council member Judd asked Ostmoec and Fuller if they are against the entire proposal, or just how it affects their properties. They said they were against the proposal.

Council member Bekius asked if the County had approached all the property owners in the area, or just those who have property for sale. Traxler said just those for sale.

There was a general discussion about options.

Mayor Pedersen closed the public hearing.

Council member Dillan offered Resolution No. 08-17 and moved for its adoption, second by Totzke

RESOLUTION NO. 08-17

A RESOLUTION VACATING TWO RIGHTS-OF-WAY
(entire text appears in Resolution book)

Council member Bekius said he believes the county is close with their parking plan, but not quite there. He recommended some additional investigation be done on parking opportunities, and then come back to a future meeting.

There was a brief discussion by the council.

Mayor Pedersen said the public hearing has been closed, but he interested parties will be notified of future meetings.

Motion by Bekius, second by Dillan to table action on Resolution No. 08-17 and place it on the May 15 council agenda, unanimous consent.

Mayor Pedersen called for a recess at 7:45. Mayor Pedersen called the meeting back to order at 7:53.

Janelle Bitzen, from the city's auditing firm of Kern DeWenter Viere, presented the 2007 audit.

Council member Dillan offered Resolution No. 08-19 and moved for its adoption, second by Totzke,

RESOLUTION NO. 08-19
A RESOLUTION OF APPRECIATION FOR VERNA QUAINANCE
(entire text appears in Resolution book)

Mayor Pedersen thanked Verna for her service to the city.

Motion by Dillan, second by Judd to dispense with the first reading of Ordinance No. 374, unanimous consent.

Motion by Dillan, second by Judd to hold the second reading of Ordinance No. 374, and for passage

ORDINANCE NO. 374
AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE
OF ORDINANCES FOR THE CITY OF MILACA, MN

Lerud said this is a non-controversial ordinance that approves the incorporation all the ordinances passed in 2007 into the city code.

Upon voting, all voted in favor.

Council member Bekius said there was no planning commission meeting.

The minutes for the economic development commission meeting were presented.

The minutes for the airport commission meeting were presented. Council member Judd said that planning continues for the fly-in in August, and several displays have confirmed.

Mayor Pedersen said there is a parks commission report for the council. He said the Rec Park concept plan was discussed, and there was agreement that it is the basis for final plan. Mayor Pedersen said commission members believed the estimated costs were too high, and the project could be done for less.

Mayor Pedersen said he was contacted by the School Superintendent expressing concern about the city holding a referendum at the same time the school is holding their operating referendum this November. He said the school board would like to meet with the city council to discuss. After a brief discussion, it was decided to put discussion about the park referendum on the May meeting agenda and let the school board know about the meeting.

The council directed staff to prepare tax impact number on a bond issue of two sizes - \$800,000 and \$1 million, and have that information available at the May meeting.

Council member Dillan said the healthy community partnership group has had two training sessions at the Initiative Foundation. As part of that process, the group will be meeting next Monday night to schedule a June community meeting. Dillan said the four downtown groups continue to meet, and the sporting goods store is opening Saturday.

Council member Bekius offered Resolution No. 08-18 and moved for its adoption, second by Totzke

RESOLUTION NO. 08-18
RESOLUTION APPROVING OPTION TO PURCHASE LOT AND PURCHASE
AGREEMENT

(entire text appears in Resolution book)

Lerud said the agreement was drafted by the city attorney and is based on the discussion at the March meeting. He pointed out that the seller will assume all cleanup costs, if any, and that there is a repurchase agreement incorporated as Exhibit B, that requires the buyer to sell the parcel back to the city if he does not build.

Upon voting all voted in favor.

Mayor Pedersen called for Council comments.

Council member Judd said that the East Central Cable commission met earlier this month, and there was concern expressed by one of the cities that Comcast has underpaid required franchise fees. The commission is requesting the member cities approve an audit, at a

cost of \$40,000 to conduct a partial audit. Judd said if that audit shows a discrepancy of ten percent or more in what is owed, then Comcast will pay for the cost of the audit. Motion by Totzke, second by Dillan to authorize Judd to vote in favor of conducting an audit. Motion passed four to zero; Council member Judd abstained.

Mayor Pedersen said that he personally, after reading the paper, would like to express his support of Mike Mott, and asked if the council should make some type of statement in Mike's favor. City Attorney Toven advised against the council making a statement of any kind, but they are free to express their opinions to the Chief.

With no other business a motion to adjourn was made by Totzke, second by Bekius, all voted in favor and the meeting adjourned at 8:30 p.m.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

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APRIL 2008

		Check Amt	Invoice	Comment
10100 General Bank				
Paid Chk#	035041	4/3/2008	METRO FIRE	
E 101-42280-240	Small Tools and Minor Equip	\$1,366.88	3072	6 FACE PIECE SPEAKING DIAPHRAG
E 101-42280-240	Small Tools and Minor Equip	\$472.75	30784	25 MASK BAG
F 101-42280-240	Small Tools and Minor Equip	\$455.56	30786	2 FACE PIECE SPEAKING DIAPHRAG
E 101-42280-240	Small Tools and Minor Equip	\$3,314.96	30786	1 60' CYLINDER
F 101-42280-240	Small Tools and Minor Equip	\$10,272.32	30786	16 45 MINUTE CYLINDER
E 101-42280-240	Small Tools and Minor Equip	\$71,560.00	30786	16 SCBAS
E 101-42280-240	Small Tools and Minor Equip	\$537.11	30811	3 SCBA STORAGE HARD CASE
E 101-42280-240	Small Tools and Minor Equip	\$455.56	30991	2 FACE PIECE SPEAKING DIAPHRAG
E 101-42280-240	Small Tools and Minor Equip	\$1,801.52	30991	8 VOICE AMPLIFIERS
E 101-42280-240	Small Tools and Minor Equip	(\$455.56)	31035	RETURN 2 FACE PIECE SPEAKING D
		Total METRO FIRE	\$89,780.90	
Paid Chk#	035042	4/7/2008	GOV'T TRAINING SERVICE	
E 101-41310-208	Training and Travel	\$225.00		MOMA ANNUAL CONFR (LERUD)
		Total GOV'T TRAINING SERVICE	\$225.00	
Paid Chk#	035043	4/7/2008	GRAND VIEW LODGE	
E 101-41310-208	Training and Travel	\$187.25		5/7-0 CITY MGR CONFR. LODGING
		Total GRAND VIEW LODGE	\$187.25	
Paid Chk#	035044	4/10/2008	JIM'S MILLE LACS DISPOSAL	
E 101-43000-311	Snow Removal	\$260.00		SNOW REMOVAL
E 101-42280-384	Refuse/Garbage Disposal	\$25.00		MARCH GARBAGE-FD
E 101-41940-310	Other Professional Services	\$100.00		DISPOSE OF OLD COMPUTERS
E 101-43000-384	Refuse/Garbage Disposal	\$140.08		MARCH GARBAGE-PW
		Total JIM'S MILLE LACS DISPOSAL	\$525.08	
Paid Chk#	035045	4/10/2008	MILACA BLDG CENTER	
E 603-49450-217	Other Operating Supplies	\$5.96		SUPPLIES-SEWER
E 101-43000-215	Shop Supplies	\$217.54		SUPPLIES-SHOP
E 602-49400-217	Other Operating Supplies	\$24.43		SUPPLIES-WATER
E 101-49810-217	Other Operating Supplies	\$23.68		SUPPLIES AIRPORT
		Total MILACA BLDG CENTER	\$271.61	
Paid Chk#	035046	4/10/2008	SENTRY SYSTEMS, INC.	
E 101-41940-310	Other Professional Services	\$50.86	571735	MONITOR FIRE ALARM SYSTEM
		Total SENTRY SYSTEMS, INC.	\$50.86	
Paid Chk#	035100	4/28/2008	BLUE CROSS BLUE SHIELD OF MINN	
G 101-21706	Medical Insur.	\$12,028.00		MEDICAL INSUR
		Total BLUE CROSS BLUE SHIELD OF MINN	\$12,028.00	
Paid Chk#	035101	4/28/2008	GRAND VIEW LODGE	
E 101-41310-208	Training and Travel	\$177.73		CITY MGR CONFR LODGING
		Total GRAND VIEW LODGE	\$177.73	
Paid Chk#	035102	4/28/2008	L.E.L.S.	
G 101-21710	Union Dues	\$210.00	LOCAL #230	POLICE UNION DUES
		Total L.E.L.S.	\$210.00	
Paid Chk#	035103	4/28/2008	MII LIFE - VEBA	
E 101-41510-100	Accumulated Sick Leave Paid	\$26,255.19		VQ VEBA CONTRIBUTION
		Total MII LIFE - VEBA	\$26,255.19	
Paid Chk#	035104	4/28/2008	MII LIFE INCORPORATED	
G 101-21707	Disability	\$216.45	MN811-356	DISABILITY/LIFE

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			Check Amt	Invoice	Comment
Total		MII LIFE INCORPORATED	\$218.45		
Paid Chk#	035105	4/28/2008	MILLE LACS CO. AUDITOR		
	E 200-46500-437	Other Miscellaneous	\$544.00		21-363-0060
Total		MILLE LACS CO. AUDITOR	\$544.00		
Paid Chk#	035106	4/28/2008	MN BENEFITS		
	G 101-21712	Dental	\$348.28		LIFE/DENTAL
	G 101-21709	Life Insur.	\$187.07		LIFE/DENTAL
Total		MN BENEFITS	\$535.35		
Paid Chk#	035107	4/30/2008	U.S. POSTMASTER		
	F 602-49400-322	Postage	\$102.66		5/1 BILLING (APRIL USAGE)
	E 603-49450-322	Postage	\$102.66		5/1 BILLING (APRIL USAGE)
Total		U.S. POSTMASTER	\$205.32		
10100		General Bank	\$131,214.74		

Fund Summary

	10100	General Bank	
101 GENERAL FUND			\$130,435.03
200 ECONOMIC DEV. FUND			\$544.00
602 WATER FUND			\$127.09
603 SEWER FUND			\$108.62
			<u>\$131,214.74</u>

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APRIL 2008

Check Amt Invoice Comment

10100 General Bank

Paid Chk# 008109E 4/18/2008 CENTERPOINT ENERGY MINNEGASCO

E 208-49010-381	Utilities	\$161.02	5813915	NATURAL GAS-FEBRUARY
E 101-45600-301	Utilities	\$405.49	5817670	NATURAL GAS-FEBRUARY
E 101-43000-381	Utilities	\$2,293.48	5826633	NATURAL GAS-FEBRUARY
E 101-41940-381	Utilities	\$429.29	5831068	NATURAL GAS-FEBRUARY
E 101-42280-381	Utilities	\$343.50	6122593	NATURAL GAS-FEBRUARY
E 602-49400-381	Utilities	\$826.82	6672186	NATURAL GAS-FEBRUARY
F 101-45500-381	Utilities	\$513.70	7142283	NATURAL GAS-FEBRUARY
Total CENTERPOINT ENERGY MINNEGASCO		\$5,293.30		

Paid Chk# 008110E 4/7/2008 EAST CENTRAL ENERGY

E 603-49450-381	Utilities	\$41.00	201875802	ELECTRIC-FEBRUARY
E 603-49450-381	Utilities	\$74.57	203981301	ELECTRIC-FEBRUARY
E 101-43000-380	Street Lights	\$2,651.74	204819700	ELECTRIC-FEBRUARY
E 101-45200-381	Utilities	\$26.63	205400900	ELECTRIC-FEBRUARY
E 602-49400-381	Utilities	\$1,310.16	206041500	ELECTRIC-FEBRUARY
E 101-45500-381	Utilities	\$599.34	206085200	ELECTRIC-FEBRUARY
E 101-45200-381	Utilities	\$26.63	5379800	ELECTRIC-FEBRUARY
E 101-49810-381	Utilities	\$209.51	5446100	ELECTRIC-FEBRUARY
F 101-42110-437	Other Miscellaneous	\$58.58	6302100	ELECTRIC-FEBRUARY
E 603-49450-381	Utilities	\$73.30	6676100	ELECTRIC-FEBRUARY
F 101-42260-381	Utilities	\$716.20	6751501	ELECTRIC-FEBRUARY
E 101-42280-381	Utilities	\$706.42	7546001	ELECTRIC-FEBRUARY
E 101-41940-381	Utilities	\$899.98	8145502	ELECTRIC-FEBRUARY
F 101-49810-381	Utilities	\$36.17	830700	ELECTRIC-FEBRUARY
E 101-49810-381	Utilities	\$70.02	831000	ELECTRIC-FEBRUARY
E 101-43000-380	Street Lights	\$230.43	831300	ELECTRIC-FEBRUARY
E 101-43000-381	Utilities	\$583.28	831500	ELECTRIC-FEBRUARY
E 603-49450-381	Utilities	\$475.37	832000	ELECTRIC-FEBRUARY
F 602-49400-381	Utilities	\$285.58	832100	ELECTRIC-FEBRUARY
E 101-45600-381	Utilities	\$143.30	832400	ELECTRIC-FEBRUARY
E 603-49450-381	Utilities	\$78.80	832500	ELECTRIC-FEBRUARY
E 603-49450-381	Utilities	\$116.34	832600	ELECTRIC-FEBRUARY
E 602-49400-381	Utilities	\$626.20	833100	ELECTRIC-FEBRUARY
E 602-49400-381	Utilities	\$130.42	833300	ELECTRIC-FEBRUARY
E 101-45200-381	Utilities	\$26.63	833400	ELECTRIC-FEBRUARY
E 101-45200-301	Utilities	\$26.63	833600	ELECTRIC-FEBRUARY
E 208-49010-381	Utilities	\$148.02	9084202	ELECTRIC-FEBRUARY
E 602-49400-381	Utilities	\$647.88	970110800	ELECTRIC-FEBRUARY
E 101-42110-437	Other Miscellaneous	\$25.00	97017300	ELECTRIC-FEBRUARY
Total EAST CENTRAL ENERGY		\$11,289.01		

Paid Chk# 008111E 4/15/2008 MILACA LOCAL LINK

E 610-40000-321	Telephone	\$60.38	320-982-1099	PHONE SERVICE-DEP REG
E 101-45500-321	Telephone	\$40.94	320-982-1549	ALARM LINE - LIBRARY
E 101-42280-321	Telephone	\$86.52	320-982-3465	PHONE SERVICE-FIRE
Total MILACA LOCAL LINK		\$217.85		

Paid Chk# 008112E 4/9/2008 UNION SECURITY INSURANCE CO.

G 101-21707	Disability	\$263.89	4022335-0-1	
Total UNION SECURITY INSURANCE CO.		\$263.89		

Paid Chk# 008113E 4/20/2008 MN DEPT OF REVENUE

G 602-20800	Sales Tax Payable	\$1,228.00		W/S SALES TAX
Total MN DEPT OF REVENUE		\$1,228.00		

Paid Chk# 008114E 4/15/2008 UNITED CARRIER NETWORKS

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	Check Amt	Invoice	Comment
E 101-42200-321 Telephone	\$7.86	4020342	LONG DISTANCE SERVICE-FIRE
E 101-41940-321 Telephone	\$35.25	4020370	LONG DISTANCE SERVICE-CITY HAL
E 101-43000-321 Telephone	\$8.10	4020375	LONG DISTANCE SERVICE-PW
E 101 42110-321 Telephone	\$52.78	4021370	LONG DISTANCE SERVICE PD
E 619-49900-321 Telephone	\$14.44	4021396	LONG DISTANCE SERVICE-DEP REG
E 101-41940-321 Telephone	\$9.41	4021397	LONG DISTANCE SERVICE-LIQUOR
E 602-49400-321 Telephone	\$26.89	4021432	LONG DISTANCE SERVICE-WATER
E 101-45200-321 Telephone	\$7.52	4580547	LONG DISTANCE SERVICE-PARKS
Total UNITED CARRIER NETWORKS	\$162.25		

Paid Chk# 008115E	4/15/2008	DEPT. OF LABOR AND INDUSTRY	
R 607-32210	Building Permits	\$208.50	1ST QTR BLDG SURCHARGE
Total	DEPT. OF LABOR AND INDUSTRY	\$208.50	
	10100 General Bank	\$16,662.80	

Fund Summary

	10100 General Bank	
101 GENERAL FUND	\$11,595.10	
206 CHARITABLE GAMBLING FUND	\$629.04	
602 WATER FUND	\$5,264.95	
603 SEWER FUND	\$850.38	
607 BLDG INSPECTION FUND	\$208.50	
619 DEPUTY REGISTRAR FUND	\$104.83	
	\$18,662.80	

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MAY 2008

	Check Amt	Invoice	Comment
10100 General Bank			
Paid Chk# 035110	5/15/2008	AGUILERA, KAREN	
E 101-42110-437	Other Miscellaneous	\$24.78	POSTAGE/CAMERA BAG
	Total AGUILERA, KAREN	\$24.78	
Paid Chk# 035111	5/15/2008	AMERICAN SOLUTIONS FR BUSINESS	
E 101-41940-201	Accessories (paper, pens, etc)	\$302.90	3338453 GENERAL ACTS PAYABLE CHECKS
	Total AMERICAN SOLUTIONS FR BUSINESS	\$302.90	
Paid Chk# 035112	5/15/2008	AMERIPRIDE	
E 101-41940-310	Other Professional Services	\$6.50	RUGS-CITY HALL
E 101-45500-310	Other Professional Services	\$21.70	RUGS-LIBRARY
E 101-45500-310	Other Professional Services	\$21.70	RUGS-LIBRARY
E 619-49900-310	Other Professional Services	\$14.98	RUGS-DEP REG
E 619-49900-310	Other Professional Services	\$14.98	RUGS-DEP REG
E 101-41940-310	Other Professional Services	\$6.50	RUGS CITY HALL
	Total AMERIPRIDE	\$66.36	
Paid Chk# 035113	5/15/2008	AUTO BODY TECHNICIANS	
E 101-45200-221	Equipment Parts/Repairs	\$85.99	MOWER PARTS - PARKS
	Total AUTO BODY TECHNICIANS	\$85.99	
Paid Chk# 035114	5/15/2008	BILLINGS, CRAIG	
E 101-42280-437	Other Miscellaneous	\$114.65	FD MISC
	Total BILLINGS, CRAIG	\$114.65	
Paid Chk# 035115	5/15/2008	BLOOMINGTON CUSTOM EMBROIDERY	
E 101-42280-434	Uniforms	\$144.00	25521 FD JACKETS
	Total BLOOMINGTON CUSTOM EMBROIDERY	\$144.00	
Paid Chk# 035116	5/15/2008	BONESTROO ROSENE ANDERLIK	
E 603-49450-303	Engineering Fees	\$350.00	155563 LIFT STATION
	Total BONESTROO ROSENE ANDERLIK	\$350.00	
Paid Chk# 035117	5/15/2008	BURKLUND, STEVEN	
E 101-43000-217	Other Operating Supplies	\$13.90	CELL PHONE EQUIPMENT
	Total BURKLUND, STEVEN	\$13.90	
Paid Chk# 035118	5/15/2008	CARL E. JOHNSON	
E 602-49400-240	Small Tools and Minor Equip	\$4,990.00	5772 FILTER PLANT VALVE
	Total CARL E. JOHNSON	\$4,990.00	
Paid Chk# 035119	5/15/2008	CHADER BUSINESS EQUIPMENT	
E 101-42110-240	Small Tools and Minor Equip	\$224.38	47301 SALES TAX ON RECORDERS
	Total CHADER BUSINESS EQUIPMENT	\$224.38	
Paid Chk# 035120	5/15/2008	CIRCLE SIX APPRAISAL	
E 200-46500-310	Other Professional Services	\$2,750.00	210 CENTRAL AVE S. APPRAISAL
	Total CIRCLE SIX APPRAISAL	\$2,750.00	
Paid Chk# 035121	5/15/2008	CORNER MART	
E 101-43000-212	Auto Expense (Fuel/Repair)	\$325.38	GAS-PW
E 603-49450-212	Auto Expense (Fuel/Repair)	\$180.25	GAS-SEWER
E 602-49400-212	Auto Expense (Fuel/Repair)	\$150.00	GAS WATER
E 101-45200-212	Auto Expense (Fuel/Repair)	\$284.25	GAS-PARKS
E 101-42110-212	Auto Expense (Fuel/Repair)	\$872.90	GAS-PO
E 700-50000-212	Auto Expense (Fuel/Repair)	\$214.00	GAS-JP
E 101-42110-212	Auto Expense (Fuel/Repair)	\$23.51	GAS FIRE

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			Check Amt	Invoice	Comment
Total CORNER MART			\$2,050.29		
Paid Chk#	035122	5/15/2008	DOVE FRETLAND & VAN VALKENBURG		
	E 101-41810-304	Legal Fees	\$3,108.26		
Total DOVE FRETLAND & VAN VALKENBURG			\$3,108.26		
Paid Chk#	035123	5/15/2008	E.C.M. PUBLISHERS, INC.		
	E 101-43000-217	Other Operating Supplies	\$30.00	169618	HELP WANTED PW
	E 101-41110-351	Legal Notices Publishing	\$69.00	77397	ORD #374
	F 101-41110-351	Legal Notices Publishing	\$99.50	77472	BANNER AD
	E 101-42280-437	Other Miscellaneous	\$30.00	77474	BANNER AD
	E 501-43100-437	Other Miscellaneous	\$26.70	77755	169 INDUSTRIAL PARK
Total E.C.M. PUBLISHERS, INC.			\$275.20		
Paid Chk#	035124	5/15/2008	EGGEN'S DIRECT SERVICE		
	E 101-42280-212	Auto Expense (Fuel/Repair)	\$384.78		GAS-FD
	E 101-43000-212	Auto Expense (Fuel/Repair)	\$732.51		GAS-PW
	E 502-49400-212	Auto Expense (Fuel/Repair)	\$300.00		GAS-WATER
Total EGGEN'S DIRECT SERVICE			\$1,417.29		
Paid Chk#	035125	5/15/2008	FIRETECH SERVICE		
	E 101-42280-221	Equipment Parts/Repairs	\$181.21	1625	SERVICE 2006 STERLING
	E 101-42280-221	Equipment Parts/Repairs	\$373.80	1626	SERVICE 1994 FREIGHTLINER
	E 101-42280-221	Equipment Parts/Repairs	\$384.40	1627	SERVICE 2003 STERLING
Total FIRETECH SERVICE			\$939.41		
Paid Chk#	035126	5/15/2008	FLEXIBLE PIPE TOOL COMPANY		
	E 603-49450-221	Equipment Parts/Repairs	\$1,331.25	11664	JETTER HOSE
Total FLEXIBLE PIPE TOOL COMPANY			\$1,331.25		
Paid Chk#	035127	5/15/2008	GALL'S INC.		
	E 101-42110-434	Uniforms	\$99.99		BOOTS - SCHAEFER
Total GALL'S INC.			\$99.99		
Paid Chk#	035128	5/15/2008	GERADS, JESSE		
	E 101-42280-208	Training and Travel	\$109.98		BRAINERD TRAINING
Total GERADS, JESSE			\$109.98		
Paid Chk#	035129	5/15/2008	GRAINGER		
	E 602-49400-218	Parts - Water Dept.	\$118.77	835107897	BATTERIES
Total GRAINGER			\$118.77		
Paid Chk#	035130	5/15/2008	GRANITE ELECTRONICS		
	E 101-42110-226	Radio Repair	\$332.62	060253	CIVIL DEFENSE
	E 101-42280-226	Radio Repair	\$141.99	231318	RADIO REPAIR
Total GRANITE ELECTRONICS			\$474.61		
Paid Chk#	035131	5/15/2008	HARDY AUTO PARTS		
	E 101-42280-221	Equipment Parts/Repairs	\$36.92		PARTS FD
Total HARDY AUTO PARTS			\$36.92		
Paid Chk#	035132	5/15/2008	HD SUPPLY WATERWORKS, LTD		
	E 602-49400-218	Parts - Water Dept.	\$438.77	7070632	PARTS
	E 602-49400-218	Parts - Water Dept.	\$2,571.51	7134398	PARTS
Total HD SUPPLY WATERWORKS, LTD			\$3,010.28		
Paid Chk#	035133	5/15/2008	HENRY SCHEIN		
	E 101-42280-240	Small Tools and Minor Equip	\$1,297.16	3523139	
	E 101-42280-240	Small Tools and Minor Equip	\$62.00	9564306	

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Total HENRY SCHEIN			\$1,359.16		
Paid Chk#	035134	5/15/2008	HJORT EXCAVATING		
E 101-43000-310	Other Professional Services		\$3,204.76	2008.84	BROKEN LINE (BILL TO ISD 9120
E 101-43000-310	Other Professional Services		\$4,745.58	2008.86	STORM SEWER REPAIR (BILL TO LO
Total HJORT EXCAVATING			\$7,950.34		
Paid Chk#	035135	5/15/2008	HUSOM ELECTRIC SERVICE		
E 101-41940-401	Repairs/Maint Buildings		\$507.50	167	ELECTRICAL SERVICE
Total HUSOM ELECTRIC SERVICE			\$507.50		
Paid Chk#	035136	5/15/2008	JENSEN - ANDERSEN		
E 101-45200-401	Repairs/Maint Buildings		\$24.85	33091	LEO PARTS
Total JENSEN - ANDERSEN			\$24.85		
Paid Chk#	035137	5/15/2008	JIM'S MILLE LACS DISPOSAL		
E 101-43000-312	Compost		\$150.00		COMPOST
E 101-43000-384	Refuse/Garbage Disposal		\$50.00		GARBAGE - PW
E 101-42280-384	Refuse/Garbage Disposal		\$25.00		GARBAGE - FD
E 101-45200-381	Utilities		\$43.28		GARBAGE - PARK
Total JIM'S MILLE LACS DISPOSAL			\$268.28		
Paid Chk#	035138	5/15/2008	JOHNSON AUTO BODY		
E 101-42110-310	Other Professional Services		\$230.00	5628	REPLACE WINDOW IN '05 SQUAD
Total JOHNSON AUTO BODY			\$230.00		
Paid Chk#	035139	5/15/2008	JOHNSON OIL CO.		
E 101-42110-212	Auto Expense (Fuel/Repair)		\$29.81		SERVICE 07 SQUAD
Total JOHNSON OIL CO.			\$29.81		
Paid Chk#	035140	5/15/2008	KERN, DEWENTER, VIERE, LTD.		
E 619-49900-301	Auditing and Acct'g Services		\$500.00	80014	2007 AUDIT
E 101-41540-301	Auditing and Acct'g Services		\$5,075.00	80014	2007 AUDIT
E 607-42400-310	Other Professional Services		\$250.00	80014	2007 AUDIT
E 602-49400-301	Auditing and Acct'g Services		\$1,500.00	80014	2007 AUDIT
E 603-49450-301	Auditing and Acct'g Services		\$1,500.00	80014	2007 AUDIT
E 602-49400-301	Auditing and Acct'g Services		\$2,500.00	80014	2007 AUDIT-SINGLE AUDIT
Total KERN, DEWENTER, VIERE, LTD.			\$11,325.00		
Paid Chk#	035141	5/15/2008	KNIFE RIVER CORP. - NORTH CENT		
E 101-43000-403	Repairs/Maint Streets		\$177.16	74185	CLASS V
Total KNIFE RIVER CORP. - NORTH CENT			\$177.16		
Paid Chk#	035142	5/15/2008	KOCH'S HARDWARE HANK		
E 101-41940-217	Other Operating Supplies		\$10.83		SUPPLIES-CITY
E 602-49400-217	Other Operating Supplies		\$240.23		SUPPLIES-WATER
E 603-49450-217	Other Operating Supplies		\$6.28		SUPPLIES-SEWER
E 101-45200-215	Shop Supplies		\$245.99		SUPPLIES-PARK
E 101-45200-240	Small Tools and Minor Equip		\$224.45		SMALL TOOLS
E 101-43000-215	Shop Supplies		\$172.32		SUPPLIES-PW
E 101-45200-221	Equipment Parts/Repairs		\$100.00		PARTS
E 101-42280-217	Other Operating Supplies		\$67.36		SUPPLIES-FIRE
Total KOCH'S HARDWARE HANK			\$1,068.16		
Paid Chk#	035143	5/15/2008	LEAGUE OF MN CITIES		
E 101-42110-208	Training and Travel		\$20.00	33778	PD - LOSS CONTROL
E 602-49400-208	Training and Travel		\$40.00	33862	PW - LOSS CONTROL
E 603-49450-208	Training and Travel		\$40.00	33862	PW - LOSS CONTROL
E 101-45200-208	Training and Travel		\$40.00	33865	PARKS- LOSS CONTROL

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Total LEAGUE OF MN CITIES			\$140.00		
Paid Chk#	035144	5/15/2008 LEAGUE OF MN CITIES INSUR TRST			
E 101-41940-151	Worker's Comp Insurance Prem	\$12,638.00	0200044323	08-09 WORK COMP	
E 101-42120-151	Worker's Comp Insurance Prem	\$2,084.00	0200044323	08-09 WORK COMP	
E 101-42280-151	Worker's Comp Insurance Prem	\$4,985.00	0200044323	08-09 WORK COMP	
E 619-49900-151	Worker's Comp Insurance Prem	\$550.00	0200044323	08-09 WORK COMP	
E 602-49400-151	Worker's Comp Insurance Prem	\$2,044.00	0200044323	08-09 WORK COMP	
E 603-49450-151	Worker's Comp Insurance Prem	\$1,478.00	0200044323	08-09 WORK COMP	
Total LEAGUE OF MN CITIES INSUR TRST			\$23,729.00		
Paid Chk#	035145	5/15/2008 M.E. PLUMBING & HEATING			
E 101-41940-401	Repairs/Maint Buildings	\$178.00		SERVICE CALL	
Total M.E. PLUMBING & HEATING			\$178.00		
Paid Chk#	035146	5/15/2008 MACQUEEN EQUIPMENT			
F 101-43000-221	Equipment Parts/Repairs	\$752.96	2082502	SWEEPER PARTS	
Total MACQUEEN EQUIPMENT			\$752.96		
Paid Chk#	035147	5/15/2008 MARC			
E 101-45200-215	Shop Supplies	\$260.73	0357962	SUPPLIES	
Total MARC			\$260.73		
Paid Chk#	035148	5/15/2008 METRO FIRE			
E 101-42280-240	Small Tools and Minor Equip	\$1,256.57	31136		
Total METRO FIRE			\$1,256.57		
Paid Chk#	035149	5/15/2008 MEYER'S MILACA BTB			
E 101-45200-221	Equipment Parts/Repairs	\$195.06		PARTS	
E 101-45200-240	Small Tools and Minor Equip	\$41.45		TOOLS	
Total MEYER'S MILACA BTB			\$236.51		
Paid Chk#	035150	5/15/2008 MILACA AUTO VALUE			
F 101-42280-221	Equipment Parts/Repairs	\$6.00		PARTS-PD	
E 101-43000-221	Equipment Parts/Repairs	\$139.66		PARTS-PW	
E 603-49450-221	Equipment Parts/Repairs	\$5.41		PARTS SEWER	
Total MILACA AUTO VALUE			\$151.07		
Paid Chk#	035151	5/15/2008 MILACA BLDG CENTER			
E 101-43000-217	Other Operating Supplies	\$12.95		SUPPLIES-PW	
E 101-42110-437	Other Miscellaneous	\$15.00		SUPPLIES-PD	
E 602-49400-217	Other Operating Supplies	\$17.61		SUPPLIES-WATER	
Total MILACA BLDG CENTER			\$45.56		
Paid Chk#	035152	5/15/2008 MILACA LAWN & GARDEN			
E 101-45200-221	Equipment Parts/Repairs	\$13.30		PARTS	
Total MILACA LAWN & GARDEN			\$13.30		
Paid Chk#	035153	5/15/2008 MINNESOTA WISCONSIN PLAYGROUND			
E 101-45200-240	Small Tools and Minor Equip	\$4,091.73	2008031	PICNIC TABLES (4) BENCHES (2)	
Total MINNESOTA WISCONSIN PLAYGROUND			\$4,091.73		
Paid Chk#	035154	5/15/2008 MN DEPT OF LABOR & INDUSTRY			
E 101-45200-437	Other Miscellaneous	\$20.00	026717-20	MOYER LICENSE	
Total MN DEPT OF LABOR & INDUSTRY			\$20.00		
Paid Chk#	035155	5/15/2008 MN DEPT OF PUBLIC SAFETY (2)			
E 101-43000-433	Dues and Subscriptions	\$25.00		HAZARDOUS CHEMICAL STORAGE	

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Total MN DEPT OF PUBLIC SAFETY (2)			\$25.00		
Paid Chk#	035156	5/15/2008	MN HWY SAFETY & RESEARCH CENTR		
E 101-42110-208	Training and Travel		\$688.00		LAW ENFORCEMENT COURSE - MINKS
Total MN HWY SAFETY & RESEARCH CENTR			\$688.00		
Paid Chk#	035157	5/15/2008	MN REVENUE		
E 603-49450-433	Dues and Subscriptions		\$1,450.00	4400060014	2007 ANNUAL PERMIT
F 602-49400-433	Dues and Subscriptions		\$1,230.00	4400060015	2007 ANNUAL PERMIT
Total MN REVENUE			\$2,680.00		
Paid Chk#	035158	5/15/2008	MN VALLEY TESTING LABS		
E 602-49400-310	Other Professional Services		\$66.00	391942	TESTING
E 602-49400-310	Other Professional Services		\$66.00	395904	TESTING
Total MN VALLEY TESTING LABS			\$132.00		
Paid Chk#	035159	5/15/2008	NORTH MEMORIAL EMS EDUCATION		
E 101-42280-208	Training and Travel		\$2,100.00	PZM 237	20 FIRST RESPONDER REFRESHERS
Total NORTH MEMORIAL EMS EDUCATION			\$2,100.00		
Paid Chk#	035160	5/15/2008	ONE CALL CONCEPTS		
E 602-49400-310	Other Professional Services		\$52.20	841328	LOCATE
Total ONE CALL CONCEPTS			\$52.20		
Paid Chk#	035161	5/15/2008	POWERPLAN		
E 101-43000-221	Equipment Parts/Repairs		\$588.00	P18867	SERVICE CALL - GRADER
Total POWERPLAN			\$588.00		
Paid Chk#	035162	5/15/2008	QUILL CORPORATION		
E 101-41510-240	Small Tools and Minor Equip		\$212.98		PRINTER
F 619-49900-201	Accessories (paper, pens, etc)		\$362.53		DEP REG
E 101-42110-201	Accessories (paper, pens, etc)		\$303.45		PD
E 101-42280-201	Accessories (paper, pens, etc)		\$92.41		FD
E 101-41940-201	Accessories (paper, pens, etc)		\$75.32		CITY
E 101-45500-437	Other Miscellaneous		\$55.38		LIBRARY
F 101-43000-217	Other Operating Supplies		\$15.58		PW
Total QUILL CORPORATION			\$1,117.64		
Paid Chk#	035163	5/15/2008	RATH WRITING SERVICES		
E 101-42280-310	Other Professional Services		\$575.00	258	FIRE DEPT GRANT
Total RATH WRITING SERVICES			\$575.00		
Paid Chk#	035164	5/15/2008	ROSS, JOHN		
E 602-49400-208	Training and Travel		\$153.13		4/14-16 WATER SCHOOL
Total ROSS, JOHN			\$153.13		
Paid Chk#	035165	5/15/2008	SPRINT PCS		
E 101-43000-321	Telephone		\$24.85		CELLULAR PHONE
E 101-45200-321	Telephone		\$24.85		CELLULAR PHONE
E 101-42280-321	Telephone		\$24.85		CELLULAR PHONE
Total SPRINT PCS			\$74.55		
Paid Chk#	035166	5/15/2008	ST. CLOUD TECHNICAL COLLEGE		
E 101-42280-208	Training and Travel		\$90.00	00074629	4/19-20 JESSE GERARDS
Total ST. CLOUD TECHNICAL COLLEGE			\$90.00		
Paid Chk#	035167	5/15/2008	U.S. POSTMASTER		
E 101-41940-322	Postage		\$1,000.00	0000055554	POSTAGE METER
E 619-49900-322	Postage		\$1,300.00	0000055554	POSTAGE METER

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Total U.S. POSTMASTER	\$2,300.00		
10100 General Bank	<u>\$86,451.45</u>		

Fund Summary

	10100 General Bank
101 GENERAL FUND	\$57,640.85
200 ECONOMIC DEV. FUND	\$2,750.00
501 INDUSTRIAL PARK PROJ.	\$26.70
802 WATER FUND	\$16,406.22
803 SEWER FUND	\$6,341.19
807 BLDG INSPECTION FUND	\$250.00
818 DEPUTY REGISTRAR FUND	\$2,742.49
700 BRAHAM-MILACA JOINT POWERS	\$214.00
	<u>\$86,451.45</u>

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			Check Amt	Invoice	Comment
10900 Liquor Bank					
Paid Chk#	020570	4/3/2008	BELLBOY CORP.		
E 609-49750-251	Liquor For Resale		\$835.00	44058100	LIQUOR
F 609-49750-251	Wine For Resale		\$160.00	44058100	WINE
Total BELLBOY CORP.			\$995.00		
Paid Chk#	020571	4/3/2008	BERNICKS		
E 609-49750-254	Mix/Non Alcoholic		\$26.90	50599	NA
E 609-49750-252	Beer For Resale		\$1,916.60	50600	BEER
E 609-49750-254	Mix/Non Alcoholic		\$54.10	52939	NA
E 609-49750-252	Beer For Resale		\$287.60	52940	BEER
E 609-49750-254	Mix/Non Alcoholic		\$61.00	55376	NA
E 609-49750-252	Beer For Resale		\$82.30	55377	BEER
E 609-49750-254	Mix/Non Alcoholic		\$19.70	55377	NA
E 609-49750-254	Mix/Non Alcoholic		\$44.40	57685	NA
E 609-49750-252	Beer For Resale		\$707.90	57686	BEER
Total BERNICKS			\$3,200.50		
Paid Chk#	020572	4/3/2008	C & L DISTRIBUTING CO.		
E 609-49750-252	Beer For Resale		\$5,507.85	142383	BEER
E 609-49750-254	Mix/Non Alcoholic		\$128.85	142383	NA
E 609-49750-252	Beer For Resale		\$99.20	142832	BEER
E 609-49750-254	Mix/Non Alcoholic		\$131.35	143144	NA
E 609-49750-252	Beer For Resale		\$4,972.35	143144	BEER
E 609-49750-254	Mix/Non Alcoholic		\$48.70	144037	NA
E 609-49750-252	Beer For Resale		\$4,050.90	144037	BEER
E 609-49750-252	Beer For Resale		\$3,066.80	144838	BEER
Total C & L DISTRIBUTING CO.			\$23,008.00		
Paid Chk#	020573	4/3/2008	D&D BEER CO		
E 609-49750-254	Mix/Non Alcoholic		\$42.00	348945	NA
E 609-49750-252	Beer For Resale		\$169.50	348945	BEER
E 609-49750-252	Beer For Resale		\$616.05	349554	BEER
Total D&D BEER CO			\$1,127.55		
Paid Chk#	020574	4/3/2008	DAHLHEIMER DISTRIBUTING CO.		
E 609-49750-252	Beer For Resale		\$2,037.60	71557	BEER
F 609-49750-252	Beer For Resale		\$2,131.00	72134	BEER
E 609-49750-252	Beer For Resale		\$23.00	72631	BEER
E 609-49750-252	Beer For Resale		\$1,848.50	72741	BEER
E 609-49750-254	Mix/Non Alcoholic		\$26.00	73297	NA
E 609-49750-252	Beer For Resale		\$2,612.70	73297	BEER
E 609-49750-252	Beer For Resale		\$80.00	73778	BEER
Total DAHLHEIMER DISTRIBUTING CO.			\$8,758.00		
Paid Chk#	020575	4/3/2008	GRIGGS, COOPER & CO., INC.		
E 609-49750-333	Freight and Express		\$5.60	18208	FREIGHT
E 609-49750-253	Wine For Resale		\$149.55	18208	WINE
E 609-49750-251	Liquor For Resale		\$1,754.25	18209	LIQUOR
E 609-49750-253	Wine For Resale		(\$10.00)	18209	WINE
E 609-49750-333	Freight and Express		\$29.40	18209	FREIGHT
E 609-49750-251	Liquor For Resale		\$203.30	21264	LIQUOR
E 609-49750-333	Freight and Express		\$14.00	21607	FREIGHT
F 609-49750-253	Wine For Resale		\$469.10	21607	WINE
E 609-49750-333	Freight and Express		\$75.80	21608	FREIGHT
E 609-49750-251	Liquor For Resale		\$1,773.88	21608	LIQUOR
E 609-49750-333	Freight and Express		\$9.60	25440	FREIGHT
E 609-49750-253	Wine For Resale		\$149.90	25440	WINE

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E 609-49750-253	Wine For Resale		\$608.20	28101	WINE
E 609-49750-333	Freight and Express		\$21.00	28101	FREIGHT
E 609-49750-253	Wine For Resale		(\$180.00)	28102	WINE
E 609-49750-333	Freight and Express		\$61.60	28102	FREIGHT
E 609-49750-251	Liquor For Resale		\$4,667.53	28102	LIQUOR
E 609-49750-251	Liquor For Resale		\$162.92	28102	NA
Total	GRIGGS, COOPER & CO., INC.		\$9,995.43		
Paid Chk#	020576	4/3/2008	GROSSLEIN BEVERAGES, INC.		
E 609-49750-252	Beer For Resale		\$1,440.00	332894	BEER
E 609-49750-252	Beer For Resale		\$1,543.76	332989	BEER
E 609-49750-252	Beer For Resale		\$2,522.75	333351	BEER
E 609-49750-252	Beer For Resale		\$2,661.00	333719	BEER
E 609-49750-252	Beer For Resale		\$1,266.45	334050	BEER
Total	GROSSLEIN BEVERAGES, INC.		\$9,455.96		
Paid Chk#	020577	4/3/2008	JIM'S MILLE LACS DISPOSAL		
E 609-49750-310	Other Professional Services		\$105.30	219225	GARBAGE COLLECTION
Total	JIM'S MILLE LACS DISPOSAL		\$105.30		
Paid Chk#	020578	4/3/2008	JOHNSON BROTHERS LIQUOR CO.		
E 609-49750-253	Wine For Resale		\$20.00	1388731	WINE
E 609-49750-253	Wine For Resale		\$776.26	140218	WINE
E 609-49750-333	Freight and Express		\$38.47	1404869	FREIGHT
E 609-49750-251	Liquor For Resale		\$543.28	1404869	LIQUOR
E 609-49750-253	Wine For Resale		\$1,105.35	1404869	WINE
E 609-49750-253	Wine For Resale		\$2,489.90	1406066	WINE
E 609-49750-251	Liquor For Resale		\$2,765.93	1408088	LIQUOR
E 609-49750-333	Freight and Express		\$128.27	1408088	FREIGHT
E 609-49750-254	Mix/Non Alcoholic		\$33.99	1408088	NA
E 609-49750-252	Beer For Resale		\$26.25	1408089	BEER
E 609-49750-333	Freight and Express		\$9.42	1410594	FREIGHT
E 609-49750-251	Liquor For Resale		\$579.90	1410594	LIQUOR
E 609-49750-333	Freight and Express		\$58.22	1414532	FREIGHT
E 609-49750-253	Wine For Resale		\$2,178.70	1414532	WINE
E 609-49750-251	Liquor For Resale		\$74.91	1414532	LIQUOR
Total	JOHNSON BROTHERS LIQUOR CO.		\$10,626.85		
Paid Chk#	020579	4/3/2008	PAT KERNS WINE MERCHANTS		
E 609-49750-333	Freight and Express		\$6.00	4438	FREIGHT
E 609-49750-253	Wine For Resale		\$407.00	4438	WINE
Total	PAT KERNS WINE MERCHANTS		\$413.00		
Paid Chk#	020580	4/3/2008	PHILLIPS WINE AND SPIRITS		
E 609-49750-253	Wine For Resale		\$434.00	2578341	WINE
E 609-49750-333	Freight and Express		\$20.41	2578341	FREIGHT
E 609-49750-333	Freight and Express		\$59.66	2581869	FREIGHT
E 609-49750-253	Wine For Resale		\$529.00	2581869	WINE
E 609-49750-254	Mix/Non Alcoholic		(\$4.00)	2581869	NA
E 609-49750-251	Liquor For Resale		\$2,400.55	2581869	LIQUOR
E 609-49750-251	Liquor For Resale		\$638.25	2583710	LIQUOR
E 609-49750-253	Wine For Resale		\$155.80	2583710	WINE
E 609-49750-333	Freight and Express		\$18.84	2583710	FREIGHT
E 609-49750-251	Liquor For Resale		(\$148.00)	3378857	LIQUOR
E 609-49750-251	Liquor For Resale		(\$101.07)	3379536	LIQUOR
E 609-49750-253	Wine For Resale		(\$48.57)	3381165	WINE
Total	PHILLIPS WINE AND SPIRITS		\$3,952.87		

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Paid Chk#	020581	4/3/2008	QUILL CORPORATION		
E 609-49750-201	Accessories (paper, pens, etc)		\$119.31	4975086	INK CARTRIDGES (3) SUPPLIES
	Total	QUILL CORPORATION	\$119.31		
Paid Chk#	020582	4/3/2008	SENTRY SYSTEMS, INC.		
E 609-49750-310	Other Professional Services		\$140.81	5/0854	ALARM MONITORING (04/08 - 06/0
	Total	SENTRY SYSTEMS, INC.	\$140.81		
Paid Chk#	020503	4/3/2008	VINOCOPIA		
E 609-49750-251	Liquor For Resale		\$1,355.20	7123	LIQUOR
E 609-49750-333	Freight and Express		\$12.00	7123	FREIGHT
	Total	VINOCOPIA	\$1,367.20		
	10900 Liquor Bank		\$74,268.58		

Fund Summary

609 MUNICIPAL LIQUOR FUND	10900 Liquor Bank	\$74,268.58
		<u>\$74,268.58</u>

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APRIL 2008

Check Amt Invoice Comment

10900 Liquor Bank

Paid Chk#	Date	Payee	Check Amt	Invoice	Comment
MILACA, CITY OF (WATER/SEWER)					
E 609-49750-381	4/15/2008	Utilities	529.17	01-00015990	WATER/SEWER
Total MILACA, CITY OF (WATER/SEWER)			529.17		
EAST CENTRAL ENERGY					
E 609-49750-381	4/7/2008	Utilities	\$1,517.20	7115200	ELECTRIC
Total EAST CENTRAL ENERGY			\$1,517.20		
MN DEPT OF REVENUE					
C 609-20800	4/18/2008	Sales Tax Payable	510,511.00	9578201	LIQUOR SALES TAX
Total MN DEPT OF REVENUE			510,511.00		
CENTERPOINT ENERGY MINNEGASCO					
E 609-49750-381	4/11/2008	Utilities	\$797.84	5626769-1	NATURAL GAS
Total CENTERPOINT ENERGY MINNEGASCO			\$797.84		
10900 Liquor Bank			\$12,855.21		

Fund Summary

Fund	Amount
10900 Liquor Bank	\$12,855.21
609 MUNICIPAL LIQUOR FUND	\$12,855.21

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MAY 2008

Check Amt Invoice Comment

10900 Liquor Bank

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020613 5/16/2008 AMERIPRIDE					
E 609-49750-310		Other Professional Services	\$59.84	S481415	RUGS
E 609-49750-310		Other Professional Services	\$26.29	S483883	RUGS
E 609-49750-310		Other Professional Services	\$59.84	S486398	RUGS
E 609-49750-310		Other Professional Services	\$26.29	S488909	RUGS
Total AMERIPRIDE			\$172.26		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020614 5/16/2008 BELLBOY CORP.					
E 609-49750-259		Other For Resale	\$58.96	80656300	MISC
Total BELLBOY CORP.			\$58.96		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020615 5/16/2008 CADBURY SCHWEPPE'S BOTTLING GRP					
E 609-49750-254		Mix/Non Alcoholic	\$61.60	39200	NA
E 609-49750-254		Mix/Non Alcoholic	\$105.20	39323	NA
E 609-49750-254		Mix/Non Alcoholic	\$108.00	39432	NA
Total CADBURY SCHWEPPE'S BOTTLING GRP			\$274.80		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020616 5/16/2008 CRYSTAL SPINGS ICE					
E 609-49750-259		Other For Resale	\$107.90	100004195	ICE
E 609-49750-259		Other For Resale	\$116.85	100004156	ICE
E 609-49750-259		Other For Resale	(\$6.00)	50559C	ICE
Total CRYSTAL SPINGS ICE			\$218.75		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020617 5/16/2008 E.C.M. PUBLISHERS, INC.					
E 609-49750-343		Other Advertising	\$30.00	77419	BANNER AD
Total E.C.M. PUBLISHERS, INC.			\$30.00		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020618 5/16/2008 EXTREME BEVERAGES, LLC					
E 609-49750-254		Mix/Non Alcoholic	\$64.00	659996	NA
E 609-49750-254		Mix/Non Alcoholic	\$96.00	664132	NA
Total EXTREME BEVERAGES, LLC			\$160.00		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020619 5/16/2008 GLEWWE DOORS, INC.					
G 609-20200		Accounts Payable	\$347.60	FINAL	LIQUOR PROJECT
Total GLEWWE DOORS, INC.			\$347.60		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020620 5/16/2008 GRANITE CITY JOBBING					
E 609-49750-256		Tobacco Products For Resale	\$133.76		TOBACCO
E 609-49750-256		Tobacco Products For Resale	\$547.86		TOBACCO
E 609-49750-256		Tobacco Products For Resale	\$523.08		TOBACCO
E 609-49750-217		Other Operating Supplies	\$6.40		KIDDIE CANDY
E 609-49750-217		Other Operating Supplies	\$6.40		KIDDIE CANDY
E 609-49750-259		Other For Resale	\$7.52		MISC
E 609-49750-254		Mix/Non Alcoholic	\$31.33		NA
E 609-49750-254		Mix/Non Alcoholic	\$33.37		NA
E 609-49750-259		Other For Resale	\$33.45		MISC
E 609-49750-214		Liquor Store Paper Supplies	\$42.48		PAPER SUPPLIES
E 609-49750-214		Liquor Store Paper Supplies	\$65.08		PAPER SUPPLIES
E 609-49750-256		Tobacco Products For Resale	\$276.53		TOBACCO
E 609-49750-333		Freight and Express	\$3.25	563861	FREIGHT
E 609-49750-333		Freight and Express	\$3.25	564680	FREIGHT
E 609-49750-333		Freight and Express	\$3.25	565322	FREIGHT
E 609-49750-256		Tobacco Products For Resale	\$87.40	565330	TOBACCO
E 609-49750-333		Freight and Express	\$3.25	566131	FREIGHT
Total GRANITE CITY JOBBING			\$1,807.66		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
020621 5/16/2008 GRIGGS, COOPER & CO., INC.					

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MAY 2008

			Check Amt	Invoice	Comment
E 609-49750-333	Freight and Express		\$15.00	4639	FREIGHT
E 609-49750-253	Wine For Resale		\$355.60	4639	WINE
E 609-49750-333	Freight and Express		\$9.00	46391	FREIGHT
E 609-49750-251	Liquor For Resale		\$656.68	46391	LIQUOR
Total	GRIGGS, COOPER & CO., INC.		\$1,036.28		
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Paid Chk# 020622	5/16/2008	JIM'S MILLE LACS DISPOSAL			
E 609-49750-384	Refuse/Garbage Disposal		\$86.58	219225	APRIL GARBAGE
Total	JIM'S MILLE LACS DISPOSAL		\$86.58		
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Paid Chk# 020623	5/16/2008	JOHNSON BROTHERS LIQUOR CO.			
F 609-49750-333	Freight and Express		\$222.15	1432526	FREIGHT
E 609-49750-251	Liquor For Resale		\$1,818.04	1432526	LIQUOR
E 609-49750-253	Wine For Resale		\$4,857.87	1432526	WINE
Total	JOHNSON BROTHERS LIQUOR CO.		\$6,908.86		
<hr/>					
Paid Chk# 020624	5/16/2008	KERN, DEWENTER, VIERE, LTD.			
E 609-49750-301	Auditing and Acct'g Services		\$2,000.00	80014	2007 ANNUAL AUDIT
Total	KERN, DEWENTER, VIERE, LTD.		\$2,000.00		
<hr/>					
Paid Chk# 020625	5/16/2008	KOCH'S HARDWARE HANK			
E 609-49750-217	Other Operating Supplies		\$66.31		SUPPLIES
Total	KOCH'S HARDWARE HANK		\$66.31		
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Paid Chk# 020626	5/16/2008	LEAGUE OF MN CITIES INSUR TRST			
E 609-49750-151	Worker's Comp Insurance Prem		\$2,350.00	0200044323	WORK COMP
Total	LEAGUE OF MN CITIES INSUR TRST		\$2,350.00		
<hr/>					
Paid Chk# 020627	5/16/2008	M. AMUNDSON LLP			
E 609-49750-201	Accessories (paper, pens, etc)		\$156.99	3609	CASH REGISTER TAPE
E 609-49750-259	Other For Resale		\$289.37	36449	MISC FOR RESALE
E 609-49750-256	Tobacco Products For Resale		\$303.70	36449	TOBACCO
Total	M. AMUNDSON LLP		\$750.06		
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Paid Chk# 020628	5/16/2008	MG PRO			
E 609-49750-259	Other For Resale		\$19.20	247932	MISC FOR RESALE
E 609-49750-259	Other For Resale		\$33.60	283604	MISC FOR RESALE
Total	MG PRO		\$52.80		
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Paid Chk# 020630	5/16/2008	MILACA CHAMBER OF COMMERCE			
E 609-49750-343	Other Advertising		\$20.00		PARADE ENTRY
Total	MILACA CHAMBER OF COMMERCE		\$20.00		
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Paid Chk# 020631	5/16/2008	MILLER TRUCKING			
E 609-49750-333	Freight and Express		\$100.87	1834	FREIGHT
Total	MILLER TRUCKING		\$100.87		
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Paid Chk# 020632	5/16/2008	PHILLIPS WINE AND SPIRITS			
E 609-49750-333	Freight and Express		\$21.98	261027	FREIGHT
E 609-49750-251	Liquor For Resale		\$877.45	261027	LIQUOR
E 609-49750-253	Wine For Resale		\$80.00	261027	WINE
Total	PHILLIPS WINE AND SPIRITS		\$979.43		
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Paid Chk# 020633	5/16/2008	QUILL CORPORATION			
E 609-49750-240	Small Tools and Minor Equip		\$55.90	6412294	CALCULATOR
E 609-49750-201	Accessories (paper, pens, etc)		\$51.09	7083034	LAMINATED ID CARDS (KEG CARDS)
Total	QUILL CORPORATION		\$106.99		
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Paid Chk# 020634	5/16/2008	SEGERSTROM, VICTORIA			

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MAY 2008

			Check Amt	Invoice	Comment
E 609-49750-208	Training and Travel		\$27.38		MILEAGE TO PICK UP CASH REGIST
E 609-49750-217	Other Operating Supplies		\$50.70		VACUUM BAGS/GARBAGE BAGS/DRY E
E 609-49750-208	Training and Travel		\$60.59		GRANITE CITY BUYERS SHOW - CRA
E 609-49750-240	Small Tools and Minor Equip		\$160.49		BATTERY BACKUP
Total SEGERSTROM, VICTORIA			\$299.17		
<hr/>					
Paid Chk#	020635	5/16/2008	ST. CLOUD REFRIGERATION		
E 609-49750-310	Other Professional Services		\$327.00	184581	COOLER MAINTENANCE
Total ST. CLOUD REFRIGERATION			\$327.00		
<hr/>					
Paid Chk#	020636	5/16/2008	TWIN CITY ACCOUSTICS, INC.		
G 609-20200	Accounts Payable		\$856.25	FINAL	LIQUOR PROJECT
Total TWIN CITY ACCOUSTICS, INC.			\$856.25		
<hr/>					
Paid Chk#	020637	5/16/2008	U.S. POSTMASTER		
E 609-49750-322	Postage		\$375.00		METER ACT#: 0000055554
Total U.S. POSTMASTER			\$375.00		
<hr/>					
Paid Chk#	020638	5/16/2008	VIKING BOTTLING CO.		
E 609-49750-254	Mix/Non Alcoholic		\$107.50	22212406	NA
E 609-49750-254	Mix/Non Alcoholic		\$120.10	22213109	NA
F 609-49750-254	Mix/Non Alcoholic		\$165.05	22213899	NA
E 609-49750-254	Mix/Non Alcoholic		\$119.55	22214958	NA
E 609-49750-254	Mix/Non Alcoholic		\$143.45	22215388	NA
Total VIKING BOTTLING CO.			\$655.65		
<hr/>					
Paid Chk#	020639	5/16/2008	WELLS FARGO		
E 609-49750-601	Debt Srv Bond Principal		\$17,034.31	0003-601994F	LEASE PRINCIPAL
E 609-49750-611	Bond Interest		\$15,877.22	0003-601994F	LEASE INTEREST
Total WELLS FARGO			\$32,911.53		
10900 Liquor Bank			\$52,953.61		

Fund Summary

609 MUNICIPAL LIQUOR FUND	10900 Liquor Bank	\$52,953.61
		\$52,953.61

CITY OF MILACA
EMPLOYEES' DEFERRED COMPENSATION PLAN

The City of Milaca, establishes the Employees' Deferred Compensation Plan for the purpose of permitting eligible Employees to defer compensation. The Plan is intended to conform to and qualify under §457 of the Internal Revenue Code of 1986, as amended.

**ARTICLE I
DEFINITIONS**

- 1.01 **"Account"** means the separate account the Plan Administrator will maintain for each Participant under the Plan.
- 1.02 **"Accounting Date"** is each day on which the New York Stock Exchange transacts business.
- 1.03 **"Beneficiary"** means the person designated by the Participant or by the Plan who is or may become entitled to a benefit under the Plan.
- 1.04 **"Code"** means the Internal Revenue Code of 1986, as amended.
- 1.05 **"Compensation"** means all payments made to an Employee as remuneration for services rendered. Any reference in this Plan to Compensation is a reference to the definition in this Section 1.05 unless the Plan reference specifies a modification to this definition. The Plan Administrator will take into account only Compensation actually paid for the relevant period.
- 1.06 **"Custodial Account"** means an account that meets the requirements of Code §401(f) for the purpose of holding contributions made to the Plan on behalf of the Plan Participants pursuant to a separate agreement entered into between the Employer and the Custodian.
- 1.07 **"Custodian"** means the Custodian appointed by the Employer to hold the assets of the Plan.
- 1.08 **"Deferred Compensation"** means the amount of Compensation the Participant defers under this Plan pursuant to a Salary Reduction Agreement.
- 1.09 **"Effective Date"** of this Plan is _____.
- 1.10 **"Employee"** means an employee who provides services for the Employer.
- 1.11 **"Employer"** means the Government Unit that adopts this Plan.

1.12 **"Government Unit"** means the State of Minnesota, any political subdivision of Minnesota, or any instrumentality of a political subdivision of Minnesota.

1.13 **"Includible Compensation"** means, for the Employee's taxable year, the total Compensation paid to an Employee for services rendered for the Employer which the Employee must include in gross income for the Employee's taxable year. Includible Compensation specifically does not include any Deferred Compensation under the Plan nor any compensation deferred under any other plan described in Code §457, any amount excludible from the Employee's gross income under Code §§457, 401(k) or 403(b) or any other amount excludible from the Employee's gross income for Federal income tax purposes.

1.14 **"Normal Retirement Age"** means (a) any age elected by the Participant for purposes of making a catch-up contribution and beginning no earlier than the earliest age at which a Participant has the right to retire under the Employer's applicable pension plan, if any, without the Employer's consent and to receive immediate retirement benefits without actuarial or similar reduction because of retirement before some later age specified in such pension plan, or (b) if no such election is made, age 70 ½. In the case of a Participant who does not participate in a pension plan, Normal Retirement Age shall be age 65 or that age selected by the Participant which shall be no earlier than age 65 and no later than age 70 ½. In the case of a Participant who separates from service prior to attainment of Normal Retirement Age, Normal Retirement Age shall be age 65, unless a later age (but not later than age 70 ½) is specified in an election made pursuant to Section 4.01. However, the Participant's election to defer amounts in excess of the maximum deferral allowed by Section 3.03 but within the limited catch-up permitted by Section 3.04 shall constitute a designation of an age pursuant to (a) above.

1.15 **"Participant"** means an Employee who at any time has made contributions to or has transferred funds to this Plan.

1.16 **"Plan"** means the Code §457 plan established or continued by the Employer in the form of this agreement.

1.17 **"Plan Administrator"** is the Employer unless the Employer designates another person to hold the position of Plan Administrator.

1.18 **"Plan Year"** means the calendar year.

1.19 **"Salary Reduction Agreement"** means a written agreement between the Employee and the Employer, by which the Employer reduces the Employee's Compensation for Compensation not available as of the date of the election and contributes the amount to the Employee's Account.

1.20 "Separated from Service" or "Separation from Service" means the date on which a Participant terminates service (other than by death) within the meaning of Code §402(d)(4)(A)(iii) or has retired.

ARTICLE II PARTICIPATION IN PLAN

2.01 PARTICIPATION. Each Employee becomes a Participant when the Employee has submitted a properly completed Salary Reduction Agreement to the Plan Administrator. A Salary Reduction Agreement may not take effect earlier than the first day of the calendar month following the date the Employee executes the Salary Reduction Agreement.

ARTICLE III CONTRIBUTIONS/LIMITATIONS ON CONTRIBUTIONS

3.01 CONTRIBUTIONS. For each Plan Year, the Employer will contribute to the Plan the amount by which a Participant has elected to reduce such Participant's Compensation for the Plan Year under a Salary Reduction Agreement on file with the Plan Administrator.

3.02 TIME OF PAYMENT OF CONTRIBUTION. The Employer shall pay its contribution for each Plan Year in accordance with all applicable laws and regulations.

3.03 NORMAL LIMITATION. Except as provided in Sections 3.04 and 3.07, the maximum amount of Compensation a Participant may defer under this Plan for a taxable year (other than Deferred Compensation credited to a Participant's Account by reason of a transfer described in Section 9.03) may not exceed the lesser of:

- (a) \$7,500 (or, beginning January 1, 1997, such larger amount as the Commissioner of the Internal Revenue may prescribe), or
- (b) 33 ⅓% of the Participant's Includible Compensation for the taxable year.

3.04 CATCH-UP LIMITATION. For each of the Participant's last three taxable years ending before attainment of Normal Retirement Age, the maximum amount of Compensation the Participant may elect to defer may not exceed the lesser of:

- (a) \$15,000, or

- (b) the sum of (i) the Normal Limitation for the taxable year, and (ii) the Normal Limitation for each of the prior taxable years of the Participant commencing after 1978 during which the Plan was in existence and the Participant was eligible to participate in the Plan (or in any other Code §457 plan maintained by an employer located within the same State as the Employer) less the amount of Deferred Compensation (other than Deferred Compensation credited to a Participant's Account by reason of a transfer described in Section 9.03) for each such prior taxable year (including amounts deferred under another Code §457 plan).

3.05 REDUCTION FOR ELECTIVE DEFERRALS. For purposes of this Article III, the following amounts will reduce the Normal Limitation and the Catch-Up Limitation (but not below zero) for a taxable year: (1) elective deferrals or employer contributions made on behalf of a Participant to a Code §403(b) plan (Code §403(b)(1) annuity contract or Code §403(b)(7) custodial account) for the taxable year; (2) elective deferrals under a Code §401(k) arrangement; (3) elective deferrals under a Simplified Employee Pension under Code §408(k)(6); (4) SIMPLE IRA contributions under Code §408(p); and (5) deductible contributions under a Code §501(c)(18) plan.

3.06 RESTRICTION ON CATCH-UP LIMITATION. A Participant who has elected to use the Catch-Up Limitation in any taxable year may not apply the Catch-Up Limitation after the third of the three taxable years the Participant has the Catch-Up Limitation available, whether or not the Participant used the Catch-Up Limitation in all three taxable years and whether or not the Participant retires and resumes participation in this Plan or becomes a participant in another Code §457 plan.

3.07 REEMPLOYMENT AFTER UNIFORMED SERVICE.

(A) Protection of Persons who Serve in a Uniformed Service. To the extent required by 38 U.S.C. §4318, a person who is a member of, applies to be a member of, has performed, applies to perform, or has an obligation to perform service in a Uniformed Service shall not be denied any Deferred Compensation or right under this Plan on the basis of such membership, performance of service, application for service, or obligation.

Consistent with all provisions of USERRA, any provision of this Section and any other right under the Plan arising out of or related to reemployment after Service in the Uniformed Services does not apply unless and until: the person is eligible for reemployment under 38 U.S.C. §4304 (honorably discharge), the person applied for reemployment in compliance with 38 U.S.C. §4312, and the Participant or Employee furnishes to the Plan Administrator satisfactory documentation concerning the Service in the Uniformed Services 38 U.S.C. §4312(e)(3)(B).

(B) Employee Contributions. Consistent with 38 U.S.C. §4318(b)(2) and Code §414(u)(2), if a person is reemployed under 38 U.S.C. §4301 et seq., with respect to the period(s) of Service in the Uniformed Services, the Participant may pay (if the Participant has not already done so) and the Plan Administrator then shall allocate to the reemployed Participant's Account any Deferred Compensation in the amount that would have been permitted to be made and then allocated to the Participant's Account if the Participant had been actively at work for the Employer. No such payment shall exceed the amount the reemployed person would have been permitted to contribute had the person remained continuously employed by the Employer throughout the Participant's Service in the Uniformed Services. Consistent with Code §414(u)(2)(A)(i), any such payment to the Plan may be made during the period beginning with the date of reemployment and ending at the expiration of the lesser of five years or three times the period of the reemployed person's Service in the Uniformed Services.

(C) Definitions. Solely for the purposes of this Section, each of the following terms has the meaning stated below:

(1) **Qualified Military Service** means, consistent with Code §414(u)(5), any Service in the Uniformed Services (as defined below) if the individual is entitled to reemployment rights under USERRA with respect to such service.

(2) **Service In the Uniformed Services** means, consistent with 38 U.S.C. §4303(13), the performance of duty on a voluntary or involuntary basis in a Uniformed Service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which a person is absent from a position of employment for the purpose of an examination to determine the fitness of the person to perform any such duty.

(3) **Uniformed Service** means, consistent with 38 U.S.C. §4303(16), any one or more of the Armed Forces, the Army National Guard, or the Air National Guard when engaged in active duty for training or inactive duty training or full-time National Guard duty, the commissioned corps of the Public Health Service, or any other category of persons designated by the President of the U.S.A. in time of war or emergency.

(4) **USERRA** means the *Uniformed Services Employment and Reemployment Rights Act of 1994* (Public Law No. 103-353) [October 13, 1994] codified at 38 U.S.C. §4301 et seq.

(5) **Compensation.** Consistent with 38 U.S.C. §4318(b)(3) and Code §414(u)(7) and Code §457(e)(5), for the purposes of computing any Contributions permitted under this Section, the reemployed Participant's Compensation during the period of Qualified Military Service shall be either the Compensation the Participant would have received during such period if the Participant were not in Qualified Military Service, determined based on the rate of pay the Participant would have received from the Employer, but for absence during the period of Qualified Military Service, or if the Compensation the Participant would have received during the period of absence for

qualified Military Service was not reasonably certain, the Participant's average Compensation from the Employer during the 12-month period (or, if shorter, the entire period of employment) immediately preceding the Qualified Military Service.

ARTICLE IV TIME AND METHOD OF PAYMENT OF BENEFITS

4.01 TIME OF PAYMENT OF ACCOUNT. The Plan Administrator will direct the Custodian to commence distribution of a Participant's Account 60 days after the end of the Plan Year in which occurs the later of Separation from Service or age 65.

(A) Required Beginning Date. In no event will the Plan Administrator direct the Custodian to commence, nor will the Participant elect to have distribution commence, later than the Required Beginning Date. For purposes of this Article IV, a Participant's Required Beginning Date is the April 1 of the calendar year following the later of: (1) the calendar year in which the Participant attains age 70 ½, or (2) the calendar year in which the Participant retires.

(B) Election Regarding Distribution Date. No later than 60 days following the Participant's Separation from Service, a Participant may elect the date on which the Plan Administrator shall commence distributions. Distributions shall not commence earlier than 61 days following the Participant's Separation from Service. No later than 60 days prior to the date that the Plan Administrator commences distribution, the Participant may make an additional one-time election to defer the date on which the Plan Administrator shall commence distributions which shall not be later than the Participant's Required Beginning Date.

(C) Distribution Events. The Plan may not distribute prior to one of the following events:

- (1) The Participant's attaining age 70 ½;
- (2) The Participant's Separation from Service; or
- (3) The Participant's death.

(D) De Minimis Exception. The Plan Administrator may allow a Participant to elect to receive a distribution prior to a permissible distribution event if (1) the amount does not exceed \$5,000 or such greater amount as provided under Code §457(e)(9)(A)(i), and (2) the Participant has not deferred any amount under the Plan during the two-year period ending on the date of distribution and the Participant has not received a prior distribution under the de minimis exception. The Plan Administrator also may direct the Custodian to make a de minimis distribution without the consent of the Participant.

4.02 METHOD OF PAYMENT OF ACCOUNT. Subject to the consent of the Plan Administrator, the Custodian will distribute the Participant's Account under one, or any combination, of the following payment methods:

- (a) By payment in a lump sum.
- (b) By payment in substantially equal monthly, quarterly, semi-annual or annual installments over a fixed reasonable period of time, not exceeding the life expectancy of the Participant, or the joint life and last survivor expectancy of the Participant and the Participant's Beneficiary.
- (c) By payment in an annuity form of payment. However, a joint annuitant must be the Participant's spouse.

No later than 30 days before the date the Plan Administrator first may commence payment of the Participant's Account, the Participant may elect the method of payment of the Account. The Plan Administrator must furnish the Participant the form for selecting a method of payment. If the Participant does not make a timely election regarding the method of payment, benefits will be paid in annual payments for a fixed period of five years. If the Participant's Beneficiary is not the Participant's spouse, neither the Participant nor the Plan Administrator may select a method of payment which fails to satisfy the minimum distribution incidental benefit requirement in the Treasury regulations issued under Code §401(a)(9). Subject to Section 4.04, the Participant's method of payment election is irrevocable once the election period expires.

The Plan Administrator may not direct the Custodian to distribute the Participant's Account, nor may the Participant elect to have the Custodian distribute the Account, under a method of payment which, as of the Required Beginning Date, does not satisfy the minimum distribution requirements established by this paragraph and which is not consistent with applicable Treasury regulations. The minimum distribution for a calendar year equals the Participant's Account at the beginning of the calendar year divided by the Participant's life expectancy or, if applicable, the joint and last survivor expectancy of the Participant and the designated Beneficiary (as determined in Article VI, subject to the requirements of the Code §401(a)(9) regulations). In computing a minimum distribution, the Plan Administrator must use the unisex life expectancy multiples under Treas. Reg. §1.72-9. The Plan Administrator, upon the Participant's written request, may compute the minimum distribution for a calendar year subsequent to the first calendar year for which the Plan requires a minimum distribution by redetermining the applicable life expectancy. However, the Plan Administrator may not redetermine the joint life and last survivor expectancy of the Participant and a nonspouse designated Beneficiary in a manner which takes into account any adjustment to a life expectancy other than the Participant's life expectancy.

4.03 DEATH BENEFITS. Upon the death of the Participant, the Plan Administrator must direct the Custodian to pay the Participant's Account in accordance with this Section.

If the Participant's death occurs after the Custodian has commenced payment of the Participant's Account, the Plan Administrator must direct the Custodian to complete payment over a period which does not exceed the payment period which had commenced. If the Participant's death occurs prior to the time the Custodian commences payment of the Participant's Account, the Plan Administrator must direct the Custodian to make payment over a period not exceeding (i) 5 years after the date of the Participant's death, (ii) 15 years after date of the Participant's death, if the Beneficiary is a designated Beneficiary, or (iii) the life expectancy of the Beneficiary if the Beneficiary is the Participant's spouse. The Plan Administrator may not direct payment of the Participant's Account over a period described in (ii) or (iii) unless the Custodian will commence payment to the designated Beneficiary no later than one year after the date of the Participant's death or, if later, and the designated Beneficiary is the Participant's surviving spouse, the date the Participant would have attained age 70 ½.

The Plan Administrator must use the unisex life expectancy multiples under Treas. Reg. §1.72-9 for purposes of applying this paragraph. The Plan Administrator, upon the written request of the Participant or of the Participant's surviving spouse, must recalculate the life expectancy of the Participant's surviving spouse not more frequently than annually, but may not recalculate the life expectancy of a nonspouse designated Beneficiary after the Custodian commences payment to the designated Beneficiary.

The Plan Administrator will apply this Section by treating any amount paid to the Participant's child, which becomes payable to the Participant's surviving spouse upon the child's attaining the age of majority, as paid to the participant's surviving spouse. Upon the Beneficiary's written request, the Plan Administrator, in its sole discretion, may accelerate payment of all, or any portion, of the Participant's unpaid Account.

4.04 UNFORESEEABLE EMERGENCY. In the event of an unforeseeable emergency, the Plan Administrator may make a distribution to a Participant who has not Separated from Service, or who has separated but will not begin to receive payments until some future date. Furthermore, in the event of an unforeseeable emergency, the Plan Administrator may accelerate payments to a Participant or to a Beneficiary if permissible under the form of payment selected by the Participant or Beneficiary. The Plan Administrator will establish a policy for determining whether an unforeseeable emergency exists. An unforeseeable emergency only may involve circumstances under which the individual incurs severe financial hardship resulting from a sudden and unexpected illness or accident of the individual (or his dependent, as defined in Code §152(a)), loss of the individual's property due to casualty, or other similar extraordinary circumstances arising as a result of events beyond the individual's control. A Participant may apply to the Employer to receive that part of the value of the account the Participant reasonably needs to satisfy the emergency. The Plan Administrator will not pay the Participant or the Beneficiary more than the amount reasonably necessary to satisfy the emergency need. Notwithstanding the immediately preceding sentence, the Plan Administrator will not make payment to the extent the Participant (or the Beneficiary) may relieve the financial hardship by cessation of deferrals under the Plan, through insurance or other reimbursement, or by liquidation of the individual's assets to

the extent such liquidation would not cause severe financial hardship. The Plan Administrator will not consider as an unforeseeable emergency the need to send a Participant's (or a Beneficiary's) child to college or to purchase a residence.

4.05 DISTRIBUTIONS UNDER DOMESTIC RELATIONS ORDERS. Nothing contained in this Plan prevents the Plan Administrator from complying with the provisions of a Domestic Relations Order under the Plan. However, this Section does not give an alternate payee the right to receive distribution at a time otherwise not permitted under the Plan nor does it permit the alternate payee to receive a form of payment not otherwise permitted under the Plan.

The Plan Administrator must establish reasonable procedures to certify the domestic relations order. Upon receiving a domestic relations order, the Plan Administrator promptly will notify the Participant and any alternate payee named in the order, in writing, of the receipt of the order and the Plan's procedures for certifying the order. Within a reasonable period of time after receiving the domestic relations order, the Plan Administrator must notify the Participant and each alternate payee, in writing, of its determination. The Plan Administrator must provide notice under this paragraph by mailing to the individual's address specified in the domestic relations order.

After the Plan Administrator certifies the domestic relations order, the Plan Administrator must make a separate accounting of the amounts payable under the domestic relations order until the amounts are eligible for distribution. If any portion of the Participant's Account is payable during the period the Plan Administrator is certifying the domestic relations order, the Plan Administrator must make a separate accounting of the amounts payable. If the Plan Administrator determines the order is a domestic relations order within 18 months of the date amounts first are payable following receipt of the order, the Plan Administrator will direct the Custodian to distribute the payable amounts in accordance with the order. If the Plan Administrator does not certify the order within the 18-month determination period, the Plan Administrator will direct the Custodian to distribute the payable amounts in the manner the Plan would distribute if the order did not exist and will apply the order prospectively if the Plan Administrator later certifies the domestic relations order. The Custodian will make any payments or distributions required under this Section by separate benefit checks or other separate distribution to the alternate payee(s).

ARTICLE V PLAN ADMINISTRATOR - DUTIES WITH RESPECT TO PARTICIPANTS' ACCOUNTS

5.01 PLAN ADMINISTRATOR. The Employer is the Plan Administrator unless the Employer designates another person to hold the position of Plan Administrator. The Plan Administrator may be a Participant in the Plan. The Plan Administrator may appoint a Committee to assist in carrying out its responsibilities and duties. The Plan Administrator and the members of the Committee will serve without compensation for services, but the Employer will pay all expenses of the Plan Administrator and Committee.

5.02 TERM. The Plan Administrator will serve until its successor is appointed.

5.03 POWERS. In case of a vacancy in the position of the Plan Administrator, the Employer will exercise all of the powers, authority, duties, and discretion conferred upon the Plan Administrator pending the filling of the vacancy.

5.04 GENERAL. The Plan Administrator will have the following powers and duties:

- (a) To select a Committee to assist the Plan Administrator;
- (b) To select a Secretary for the Committee, who need not be a member of the Committee;
- (c) To determine the rights of eligibility of an Employee to participate in the Plan and the value of a Participant's Account;
- (d) To adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan provided the rules are not inconsistent with the terms of this Plan;
- (e) To construe and enforce the terms of the Plan and the rules and regulations it adopts, including interpretation of the Plan documents and documents related to the Plan's operation;
- (f) To direct the distribution of a Participant's Account;
- (g) To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan;
- (h) To furnish the Employer with information which the Employer may require for tax or other purposes;
- (i) To establish a policy in making distributions for unforeseeable emergencies;
- (j) To engage the services of any person to invest any Account under this Plan and to direct such person to make payment to a Participant of the Participant's Account;
- (k) To comply with the reporting and disclosure rules, if any, applicable to the Plan; and
- (l) To establish, in its sole discretion, a policy regarding loans to Participants and Beneficiaries. If the Plan Administrator adopts a loan policy, the loan policy must be a written document and must include: (1) the identity of the person or positions authorized to administer the participant loan program; (2) a procedure for applying for the loan; (3) the criteria for approving or denying a loan; (4) the limitations, if any, on the types and amounts of loans available; (5) the procedure

for determining a reasonable rate of interest; (6) the types of collateral which may secure the loan; and (7) the events constituting default and the steps the Plan will take to preserve plan assets in the event of default. This Section specifically incorporates a written loan policy as part of the Employer's Plan.

5.05 AUTHORIZED REPRESENTATIVE. The Plan Administrator may authorize any one of the members of the Committee, if any, or the Committee's Secretary, to sign on its behalf any notices, directions, applications, certificates, consents, approvals, waivers, letters or other documents.

5.06 INDIVIDUAL ACCOUNTS. The Plan Administrator will maintain a separate Account in the name of each Participant to reflect the value of the Participant's Deferred Compensation under the Plan. The Plan Administrator will maintain records of its activities.

5.07 VALUE OF PARTICIPANT'S ACCOUNT. The value of each Participant's Account will consist of the Participant's accumulated Deferred Compensation, as adjusted for earnings (or losses) pursuant to Section 5.08, including any transfers accepted by the Plan pursuant to Section 9.03.

5.08 ALLOCATION OF NET INCOME, GAIN OR LOSS. As of each Accounting Date, the Plan Administrator will adjust Accounts to reflect net income, gain or loss, if any, since the last Accounting Date.

5.09 ACCOUNT CHARGED. The Plan Administrator will charge all distributions made to a Participant or to the Participant's Beneficiary, or transferred under Section 9.03 from the Participant's Account, against the Account of the Participant when made.

5.10 LIABILITY. The Employer will not be liable to pay benefits to a Participant under Article IV in excess of the value of the Participant's Account and neither the Employer nor the Plan Administrator will be liable for losses arising from depreciation or shrinkage in the value of any investments acquired under this Plan.

ARTICLE VI PARTICIPANT ADMINISTRATIVE PROVISIONS

6.01 BENEFICIARY DESIGNATION. Any Participant, from time to time, may designate, in writing, any person or persons, contingently or successively, to whom the Plan Administrator will pay the Participant's Account upon the Participant's death. The Plan Administrator will prescribe the form for the written designation of Beneficiary and, upon the Participant's filing the form with the Plan Administrator, it effectively revokes all designations filed prior to that date by the same Participant.

6.02 NO BENEFICIARY DESIGNATION. If a Participant fails to name a Beneficiary in accordance with Section 6.01, or if the Beneficiary named by a Participant predeceases the Participant and if the distribution method provides for payments to a Beneficiary, then the Plan Administrator will pay the Participant's remaining Account in accordance with Article IV in the following order of priority, to:

- (a) The Participant's surviving spouse; or
- (b) The Participant's estate.

If the Beneficiary does not predecease the Participant, but dies prior to distribution of the Participant's entire Account, and if the distribution method provides for payments to a Beneficiary, the Plan Administrator will pay the remaining Account to the Beneficiary's estate, unless the Participant's Beneficiary designation provides otherwise.

6.03 MODIFICATION OF SALARY REDUCTION AGREEMENT. A Participant may modify a Salary Reduction Agreement to change the amount of Deferred Compensation not yet earned (including the reduction of future salary reductions to zero) by executing a new Salary Reduction Agreement. Any amendment will become effective no earlier than the beginning of the calendar month commencing after the date the Participant executes the new Salary Reduction Agreement. The filing of a new Salary Reduction Agreement will revoke all Salary Reduction Agreements filed prior to that date. The Employer or Plan Administrator may restrict the Participant's right to modify a Salary Reduction Agreement in any taxable year by providing the restriction in the Salary Reduction Agreement.

6.04 PERSONAL DATA TO PLAN ADMINISTRATOR. Each Participant and each Beneficiary of a deceased Participant must furnish to the Plan Administrator such evidence, data or information as the Plan Administrator considers necessary or desirable for the purpose of administering the Plan. The provisions of this Plan are effective for the benefit of each Participant upon the condition precedent that each Participant will furnish promptly full, true, and complete evidence, data and information when requested by the Plan Administrator, provided the Plan Administrator advises each Participant of the effect of the Participant's failure to comply with its request.

6.05 ADDRESS FOR NOTIFICATION. Each Participant and each Beneficiary of a deceased Participant must file with the Plan Administrator from time to time, in writing, the Participant's or Beneficiary's post office address and any change of post office address. Any communication, statement or notice addressed to a Participant, or Beneficiary, at the last post office address filed with the Plan Administrator, or as shown on the records of the Employer, binds the Participant, or Beneficiary, for all purposes of this Plan.

6.06 PARTICIPANT DIRECTION OF INVESTMENT. A Participant shall direct the investment or re-investment of the assets comprising the Participant's Account.

ARTICLE VII MISCELLANEOUS

7.01 NO ASSIGNMENT OR ALIENATION. A Participant or Beneficiary does not have the right to commute, sell, assign, pledge, transfer or otherwise convey or encumber the right to receive any payments under the Plan and the Custodian will not recognize any such anticipation, assignment, or alienation. The payments and the rights under this Plan are nonassignable and nontransferable. Furthermore, a Participant's or Beneficiary's interest in the Plan is not subject to attachment, garnishment, levy, execution or other legal or equitable process.

7.02 EFFECT ON OTHER PLANS. This Plan does not affect benefits under any other retirement, pension, or benefit plan or system established for the benefit of the Employer's Employees, and participation under this Plan does not affect benefits receivable under any such plan or system, except to the extent provided in such plan or system.

7.03 WORD USAGE. Words used in the masculine will apply to the feminine where applicable, and wherever the context of the Plan dictates, the plural will be read as the singular and the singular as the plural.

7.04 STATE LAW. Minnesota law will determine all questions arising with respect to the provisions of this Plan, except to the extent Federal law supersedes state law.

7.05 EMPLOYMENT NOT GUARANTEED. Nothing contained in this Plan, or any modification or amendment to the Plan, or in the creation of any Account, or the payment of any benefit, gives any Employee, Participant, or any Beneficiary any right to continue employment, any legal or equitable right against the Employer, or Employee of the Employer, or its agents, or against the Plan Administrator, except as expressly provided by the Plan.

ARTICLE VIII FUNDING PROVISIONS

8.01 INVESTMENTS AND FUNDING METHOD. The Employer shall select the investment options available to Participants. The Employer shall deposit contributions in the Custodial Account and in the investments selected by the Participant or Beneficiary. The Custodian shall not under any circumstances have any investment responsibility or investment discretion regarding any Plan assets.

8.02 RECEIPT OF CONTRIBUTIONS. The Custodian is accountable to the Employer for the funds contributed to it by the Employer or the Plan Administrator, but the Custodian does not have any duty to see that the contributions received comply with the provisions of the Plan.

8.03. DISTRIBUTION OF CASH OR PROPERTY. The Custodian may make distribution under the Plan in cash or property (at its fair market value), or partly in each, as directed by the Plan Administrator subject to the Plan Administrator's determination that the recipient will accept such property.

8.04 RESIGNATION AND REMOVAL OF CUSTODIAN. The Employer may remove any acting Custodian of this Plan and the Custodian may resign as provided in the Custodial Agreement.

8.05 EXCLUSIVE BENEFIT. The Custodian will hold all the assets of the Plan for the exclusive benefit of the Participants and their Beneficiaries and neither the Employer nor the Custodian will use or divert any part of the corpus or income of the Plan for purposes other than the exclusive benefit of the Participants and Beneficiaries of the Plan. The Employer will not have any right to the assets held by the Custodian and the assets held in the Custodial Accounts will not be subject to the claims of the Employer's creditors. The custodial arrangement created under the Employer's Plan is irrevocable and its assets will not inure to the benefit of the Employer.

ARTICLE IX AMENDMENT, TERMINATION, TRANSFERS

9.01 AMENDMENT BY EMPLOYER. The Employer has the right at any time and from time to time:

- (a) To amend this Plan in any manner it deems necessary or advisable in order to continue the status of this Plan as a Code §457 Plan; and
- (b) To amend this Plan (subject to Section 8.05) in any other manner.

The Employer must make all amendments in writing. Each amendment must state the date to which it is either retroactively or prospectively effective. The Employer also may not make any amendment which affects the rights, duties or responsibilities of the Custodian or the Plan Administrator without the written consent of the affected Custodian or the Plan Administrator.

9.02 TERMINATION. The Employer has the right, at any time, to terminate this Plan. Upon termination of the Plan, the provisions of the Plan (other than provisions permitting continued deferrals) remain operative until distribution of all Accounts.

9.03 TRANSFERS. The Employer may enter into a transfer agreement with another employer under which this Plan may accept a transfer of a Participant's benefit in the other employer's Code §457 plan, or transfer a Participant's Account in this Plan to the other employer's Code §457 plan. The Plan Administrator will credit any transfer accepted under this Section 9.03 to the Participant's Account, but will not treat such transfer as a deferral subject to the limitations of Article III; provided however, the Plan Administrator will take the transfer into account for purposes of computing the Catch-Up Limitation under Section 3.04. If a Participant terminates Service with the Employer in order to accept employment with the other employer party to a transfer agreement

described in this Section 9.03, the transfer agreement must provide the Plan Administrator will transfer the Participant's Account automatically and will not commence any distribution under this Plan of the Participant's Account regardless of any other provisions of this Plan to the contrary.

Adopted on this _____ day of _____, _____.

By _____

Its _____



**CITY OF MILACA
SECTION 457(b) ELIGIBLE
DEFERRED COMPENSATION PLAN**

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CITY OF MILACA
SECTION 457(b) ELIGIBLE DEFERRED COMPENSATION PLAN

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**CITY OF MILACA
SECTION 457(b) ELIGIBLE DEFERRED COMPENSATION PLAN
FOR GOVERNMENTAL EMPLOYERS**

The City of Milaca has established a Deferred Compensation Plan for eligible public employees pursuant to Minnesota Statutes §352.96 as provided in this Plan Document. This Plan Document authorizes Minnesota's public employers to implement the Plan on behalf of their employees under written agreements with employees which would qualify all deferred benefits in accordance with Section 457(b) of the Internal Revenue Code of 1986, as amended, applicable federal regulations and rulings, and Minnesota state law.

Effective date: May 16, 2008

SECTION 457(b) ELIGIBLE DEFERRED COMPENSATION PLAN

INTRODUCTION

In accordance with the provisions of §457(b) of the Internal Revenue Code of 1986, and Minnesota Statutes §352.96, the City of Milaca hereby establishes this §457(b) Eligible Deferred Compensation Plan, hereinafter referred to as the "Plan."

I. DEFINITIONS

1.01 "Account Balance" The bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or loss of the Fund (net of Fund expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then each beneficiary's share of the Account Balance shall be treated as a separate account for each Beneficiary. The Account Balance includes any account established under Article VI for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in Code §414(p)(8)).

1.02 "Administrator" Administrator means the City of Milaca.

1.03 "Alternate Payee" The spouse, former spouse, child or other dependent of a Participant who has acquired an interest in the Participant's account pursuant to a Plan Approved Domestic Relations Order pursuant to section 13.02. Alternate Payees shall be treated as Beneficiaries for all purposes under the Plan except that Alternate Payees shall be allowed to request a distribution of all or a portion of their account balance at any time, subject to the terms of the Plan Approved Domestic Relations Order.

1.04 "Annual Deferral" The amount of the Participant's Compensation eligible to be deferred in any taxable year.

1.05 "Beneficiary" The person(s) or legal entity (or, if none, the Participant's surviving spouse, if any, and then the participant's estate) designated by the Participant who is entitled to receive benefits under the Plan after the death of a Participant.

1.06 "Code" The Internal Revenue Code of 1986, as now in effect or as hereafter amended. All citations to sections of the Code are to such sections as they may from time to time be amended or renumbered.

1.07 "Compensation" All compensation for services to the Employer, including salary, wages, fees, commissions, bonuses, and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code §§125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer compensation under Article III. To the extent permitted by Federal law and Treasury regulations or other similar guidance, accrued bona fide sick, vacation or other leave pay paid within two and one-half (2½) months of Participant's severance from employment so long as the employee would have been able to use the leave if employment had continued.

1.08 "Custodian" The bank, trust company or other person, if any, selected by the Sponsor who is authorized to hold Plan assets in a custodial account in accordance with regulations issued by the Secretary of the Treasury pursuant to Code §410(f).

1.09 "Eligible Employee" Each natural person (individual) who is employed by the City of Milaca in a full-time or permanent part-time position.

1.10 "Eligible Employer" The State of Minnesota, or a political subdivision of the State of Minnesota, or an agency or instrumentality of the State of Minnesota or its political subdivisions.

1.11 "Includible Compensation" An employee's actual gross wages in box 1 of Form W-2 attributable to services performed for the Employer.

1.12 "Nonelective Employer Contribution" Nonelective Employer Contribution is a contribution made by an employer for the Participant with respect to which the Participant does not have the choice to receive the contribution in cash or property. Such term may also include an employer matching contribution.

1.13 "Normal Retirement Age" Age 70½, unless the Participant has elected an alternate Normal Retirement Age and delivered such election to the Administrator prior to beginning special §457(b) Catch-up contributions as described in section 3.03 of the Plan. Once a Participant has begun making special §457(b) Catch-up contributions, his Normal Retirement Age may not be changed. For Participants eligible to receive benefits under the Employer's basic defined benefit pension plan, defined contribution plan, or a money purchase pension plan (herein collectively referred to as "pension plan"), a Participant's alternate Normal Retirement Age may not be earlier than the earliest date the Participant has the right to retire and receive immediate retirement benefits under such pension plan, without actuarial or similar reduction because of retirement before some later specified age, and the date selected may not be later than age 70½.

If the Participant is not eligible to receive benefits under a basic defined benefit pension plan, defined contribution plan, or money purchase pension plan, the Participant's alternate Normal Retirement Age may not be earlier than age 65 nor later than age 70½. A special rule shall apply to qualified police or firefighters under the Plan. Any qualified police or firefighter, as defined under §415(b)(2)(H)(ii)(1), who is participating in the Plan may not choose a Normal Retirement Age that is earlier than age 40 or later than age 70½.

1.14 "Participant" An individual who is currently deferring Compensation, or who has previously deferred Compensation under the Plan by salary reduction or received a Nonelective Employer Contribution and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employer as an Eligible Employee may defer Compensation under the Plan.

1.15 "Participation Agreement" The agreement entered into and filed by an Employee with the Employer pursuant to Article II, in which the Employee elects to become a Plan Participant.

1.16 "Plan" The Plan named the City of Milaca Deferred Compensation Plan.

1.17 "Plan Sponsor" Sponsor means the American Funds Distributors, Inc., Nationwide Retirement Solutions, or Great West Retirement Services. A Plan Sponsor offers said retirement plan and ensures the Plan Administrator operates in compliance with the rules related to said Plan.

1.18 "Plan Year" The calendar year.

1.19 "Severance from Employment" The date the Employee dies, retires, or otherwise has a separation from employment with the Employer. An Employee whose employment is interrupted by qualified military service under Code §414(u) shall be deemed severed from employment until such time as he or she is reemployed following the term of duty. All other Participants shall be deemed to have severed their employment with the Employer for purposes of this Plan when both parties consider the employment relationship to have terminated and neither party anticipates any future employment of the Participant by the Employer. A Severance from Employment must last for at least 30 days unless an employee qualifies for an unreduced public pension from a plan listed in Minnesota Statute §356.30.

1.20 "Trust or Custodial Agreement" The written agreement (or declaration) made by and between the Administrator and the Trustee under which the Trust Fund is maintained. Custodial accounts and annuity contracts described in §401(f) are treated as trusts under the rules described in Treasury Reg. §1.457-8(a)(2).

1.21 "Trust Fund" The trust fund created under and subject to the Trust Agreement or Custodial Agreement.

1.22 "Trustee" The Trustee duly appointed and currently serving under the Trust Agreement.

1.23 "Valuation Date" Each business day.

II. PARTICIPATION AND CONTRIBUTIONS

2.01 Eligibility Full-time or permanent part-time employees performing services for the Employer shall be eligible to participate in the Plan upon becoming employed by the Employer unless specifically restricted. At the request of an employee, the Employer shall allow participation in the Deferred Compensation Plan. The amount to be deferred must be provided in writing. The employing unit must implement the request within thirty days (Minnesota Statute §352.96, subd. 1).

2.02 Election Required for Participation An Employee may elect to become a Participant by executing a Participation Agreement to defer a portion of his or her Compensation (and have that amount contributed as an Annual Deferral on his or her behalf) and filing it in good order with the Administrator. In entering into the Participation Agreement, the Participant elects to participate in this Plan and consents to the deferral by the Employer of the amount specified in the Participation Agreement from the Participant's gross compensation for each payroll period, and agrees to be bound by all the terms and conditions of the Plan. Such deferral shall continue in effect until modified, disallowed or revoked in accordance with the terms of this Plan, or until the Participant ceases employment with the Employer.

The Administrator retains the right to establish minimum deferral amounts per payroll period, and to change such minimums from time to time and to limit the number and/or timing of enrollments into the Plan in the Participation Agreement. No adjustment in future deferrals shall be made if a periodic deferral is missed or is less than the amount elected. The Administrator shall have the right to modify or disallow the periodic deferral of Compensation elected by the Participant:

- (a) In excess of the limitations stated in Article III;
- (b) In excess of the Participant's net Compensation for any payroll period;
- (c) Upon any change in the length of payroll period utilized by Employer. In such case the periodic deferral shall be adjusted so that approximately the same percentage of pay shall be deferred on an annual basis;
- (d) In order to round periodic deferrals to the nearest whole dollar amount;
- (e) To reduce the future deferrals in the event that the amount actually deferred for any payroll period exceeds, for any reason whatsoever, the amount elected by the Participant. In the alternative, such amount of excess deferral may be refunded to the Participant; or
- (f) If the deferral elected for any payroll period is less than the minimum amount specified by the Employer or Administrator.

The participation election, or such other form as approved by the Administrator, shall include the Employee's designation of investment funds. Any such election shall remain in effect until a new election is filed. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees.

2.03 Election Required for Participation Upon Re-Employment Any prior Employee who was a Participant in the Plan and is rehired by Employer may resume participation in the Plan by entering into a Participation Agreement so long as any distributions being taken from this Plan are terminated prior to the resumption of deferrals under the

Plan. Additionally, if distributions had not begun pursuant to a prior Severance from Employment, any deferred commencement date elected by such employee with respect to distribution of those prior Plan assets shall be null and void.

2.04 Designation of Account Beneficiary(ies) The Participant may designate a Beneficiary(ies) to receive any amounts that may be distributed in the event of death of the Participant prior to the complete distribution of benefits. A Participant may change the designated Beneficiary(ies) at any time by filing such change with the Administrator in a manner approved by the Administrator. A change in the Beneficiary designation shall take effect on the date received and deemed acceptable by the Administrator. If no such designation is in effect on the Participant's death, or to the extent that there is no beneficiary who is treated as surviving the Participant by 30 days, the Beneficiary shall be the Participant's surviving spouse if married at the time of death, or if none, the Participant's estate. In the event of marriage dissolution, the existing Beneficiary designation naming the former spouse of the Participant becomes void unless the divorce decree provides otherwise. If a Participant wishes to keep a former spouse as their designated Beneficiary, a new Beneficiary form must be completed.

2.05 Commencement of Participation Voluntary Enrollment An Employee shall become a Participant as soon as administratively practicable following the date the Employee files a participation election pursuant to section 2.02. Such elections shall become effective no earlier than the calendar month following the month in which the election is made. A new Employee may defer compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employer.

2.06 Information Provided by the Participant Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable to administer the plan, in the sole discretion of the Administrator, for the Administrator to administer the plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code §457(b).

2.07 Contributions Made Promptly Annual Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance. For this purpose, Annual Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant.

2.08 Amendment of Annual Deferrals Election Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Annual Deferrals. Unless the election specifies a

later effective date, a change in the amount of the Annual Deferrals shall take effect as of the first day of the next following month or when administratively practicable if later.

2.09 Leave of Absence A Participant who is granted a leave of absence by the Employer may continue to be a Participant in the Plan as long as the leave of absence is approved by the Employer. If an approved leave of absence is terminated by the Employer or Employee without the resumption of the employment relationship, the Participant shall be treated as having a Severance from Employment under the Plan.

2.10 Disability A disabled Participant may elect Annual Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed Compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.

2.11 Revocation of Deferrals In addition to a Participant's ability to change or revoke an election as described in section 2.08, a Participant's request for a distribution in the event of an Unforeseeable Emergency as defined in section 5.05(b) shall in addition be treated as a request for revocation of deferrals as of a date determined by the Administrator for the period of time determined under section 5.05(f). Revocation of deferrals is not a distributable event, however, and the Participant's Account may only be distributed as provided in Article V.

2.12 Re-Enrollment A Participant who revokes the Participation Agreement may again become a Participant at the times and in the manner authorized by the Administrator, by entering into a new Participant agreement to defer Compensation payable no earlier than the first payroll period after the first day of the month after such new Participation Agreement is entered into by the Participant and accepted by the Administrator.

III. LIMITATIONS ON AMOUNTS DEFERRED

3.01 Minimum Annual Limitation The minimum Deferral per pay period is \$10. The amounts to be deferred must be stated in whole dollars or whole percentages, where allowed. If Participation Agreement indicates an amount including cents, the cents will be disregarded.

3.02 Basic Annual Limitation Effective for Calendar Years on and after January 1, 2002 The maximum amount of the Annual Deferral under the Plan for any calendar year shall not exceed the lesser of (i) the Applicable Dollar Amount or (ii) the Participant's Includible Compensation for the calendar year. The Applicable Dollar Amount is the amount established under Code §457(e)(15).

Each calendar year, the maximum Applicable Dollar limits are modified based on cost-of-living adjustments under Code §415(d).

The annual deferral amount does not include any rollover amounts received by the Plan under Treasury Reg. §1.457-10(e).

3.03 Age 50 Catch-up Annual Deferral Contributions a Participant who will attain age 50 or more by the end of the calendar year is permitted to elect an additional amount of Annual Deferrals, up to the maximum age 50 catch-up Annual Deferrals for the year. Each calendar, the maximum Applicable Dollar limits are modified based on cost-of living adjustments under Code §415(d).

Age 50 catch-up contributions are subject to the requirements of Code §414(v).

3.04 Special §457(b) Catch-up Limitations for Calendar Years Beginning On and After January 1, 2002 If the applicable year is one of a Participant's last three (3) calendar years ending before the year in which the participant attains Normal Retirement Age and the amount determined under this subsection exceeds the amount computed under sections 3.02 and 3.03, then the Annual Deferral limit under this section shall be the lesser of:

(a) An amount equal to two (2) times the section 3.02 applicable dollar limit for such year; or

(b) The sum of:

1. An amount equal to the aggregate section 3.02 limit for the current year plus each prior calendar year beginning after December 31, 2001, during which the Participant was an Employee under the Plan, minus the aggregate amount of Compensation that the Participant deferred under the Plan during such years, plus

2. An amount equal to the aggregate limit referred to in Code §457(b)(2) for each prior calendar year beginning after December 31, 1978, and before January 1, 2002, during which the Participant was an Employee (determine without regard to sections 3.03 and 3.04), minus the aggregate contributions to Pre-2002 Coordination Plan for such years.

However, in no event can the deferred amount be more than the Participant's Compensation for such years unless the Employer is making non-elective Employer contributions.

3.05 Coordination of Age 50 Catch-up with Special §457(b) Catch-up The Age 50 Catch-up does not apply for any taxable year for which a higher limitation applies under the Special §457(b) Catch-up described in section 3.04. A Participant who is eligible for the Age 50 Catch-up for a Plan Year and for whom the Plan Year is also one of the Participant's last three (3) taxable years ending before the Participant attains Normal Retirement Age is eligible for the larger of:

(a) The basic annual limitation described in section 3.02 and the Age 50 Catch-up described in section 3.03, or

(b) The basic annual limitation described in section 3.02 and the Special §457 Catch-up described in section 3.04.

3.06 Special Rules For purposes of this Article III, the following rules shall apply:

(a) Nonelective Employer Contribution (Employer Matching Contribution) If an employer's personnel policy or collective bargaining agreement between the public employer and the exclusive representative of public employees includes matching contributions on a dollar-for-dollar basis, the employer contribution may not exceed \$2,000 each year per public employee. If an employer's matching contributions are to be paid to an eligible 457(b) Plan, Minnesota Statute §356.24 requires that the matching contribution shall be made to the Minnesota State Deferred Compensation Plan. All employer matching contributions are included in the annual maximum deferral limits as stated in sections 3.02 and 3.03.

(b) Participant Covered By More Than One Eligible Plan If the Participant is or has been a participant in one or more other eligible plans within the meaning of Code §457(b), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Article III. For this purpose, the Employer shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

(c) Pre-Participation Years In applying section 3.04, a year shall be taken into account only if the Participant was eligible to participate in the Plan during all or a portion of the year and Compensation deferred, if any, under the Plan during the year was subject to the Basic Annual Limitation described in section 3.02 or any other plan ceiling required by Code §457(b).

(d) Pre-2002 Coordination Years For purposes of section 3.04 (b)(2)(B), "contributions to Pre-2002 Coordination Plans" means any employer contribution, salary reduction or elective contribution under any other eligible Code §457(b) plan, or a salary reduction or elective contribution under any Code §401(k) qualified cash or deferred arrangement, Code §402(h)(1)(B) simplified employee pension (SARSEP), Code §403(b) annuity contract, and Code §408(p) simple retirement account, or under any plan for which a deduction is allowed because of a contribution to an organization described in Code §501(c)(18), including plans, arrangements or accounts maintained by the Employer or any employer for whom the Participant performed services. However, the contributions for any calendar year are only taken into account for purposes of section 3.03(b)(2)(B) to the extent that the total of such contributions does not exceed the aggregate limit referred to in Code §457(b)(2) for that year.

(e) Disregard Excess Deferral For purposes of sections 3.02, 3.03 and 3.04, an individual is treated as not having deferred compensation under a plan for a prior taxable year to the extent Excess Deferrals under the plan are distributed, as described in section 3.07. To the extent that the combined deferrals for pre-2002 years

exceeded the maximum deferral limitations, the amount is treated as an Excess Deferral for those prior years.

(f) Employer Participation Notwithstanding any other provisions of this Plan, the Employer may contribute additional amounts into the Plan on behalf of any Participant, so long as the total amount contributed by the Employer when added to the Annual Deferral made by the Participant does not exceed the maximum deferral permitted by Article III for the calendar year. Such Employer contributions shall be wages for services rendered by the Participant to the Employer during the payroll period contributed.

3.07 Correction of Excess Deferrals If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code §457(b) for which the Participant provides information that is accepted by the Administrator, then the Annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant.

3.08 Protection of Persons Who Serve in a Uniformed Service An Employee whose employment is interrupted by qualified military service under Code §414(u) may elect to make additional Annual Deferrals upon resumption of employment with the Employer equal to the maximum Annual Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for three (3) times the period of the interruption or leave but shall not exceed five (5) years following the resumption of employment.

IV. LOANS

4.01 Loans Loans against a Participant's Plan account assets are not permitted.

V. BENEFIT DISTRIBUTIONS

5.01 Distributions from the Trust The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Trustee(s) or other person so authorized by the Administrator to make such distribution. Neither the Trustee, nor any other person shall be liable with respect to any distribution from the Trust made at the direction of the Administrator or a person authorized by the Administrator to give disbursement direction.

5.02 Conditions for Distributions

(a) §457(b) Deferred Compensation Payments from a Participant's §457(b) Deferred Compensation account shall not be made to the Participant or Beneficiary unless:

1. the Participant severs employment and payments are made pursuant to sections 5.03;
2. the Participant dies and payments are made pursuant to section 5.06;
3. the Participant's account meets all of the requirements for an in-service *de minimis* distribution pursuant to section 5.04(a) and/or (b);
4. the Participant incurs an approved Unforeseeable Emergency pursuant to section 5.05; or
5. the Plan is terminated under section 11.01.

(b) Latest Distribution Date In no event shall any distribution to a participant under this Article V begin later than April 1 of the year following the calendar year in which the Participant attains age 70 ½ or April 1 of the year following the year in which the Participant retires or otherwise has a Severance from Employment, whichever is later. If the Participant delays the distribution due in the calendar year he turns age 70½ or severs employment, as applicable, to the following calendar year, a second required minimum distribution must be taken by the end of that calendar year.

(c) Rollovers If a Participant has a separate account attributable to rollover contributions to the Plan, the Participant may at any time elect to receive a distribution of all or any portion of the amount held in the rollover account(s).

5.03 Severance from Employment for any Reason, Including Retirement

(a) Subject to section 5.03(b), distributions to a Participant shall commence no earlier than thirty (30) calendar days following Severance from Employment, as elected by the Participant, in a form and manner determined pursuant to sections 5.07, 5.08, and 5.09. If the Participant does not elect otherwise, the distribution shall be paid commencing on the Participant's Required Beginning Date under a payment method meeting the requirements of Code §401(a)(9) and the regulations thereunder.

(b) This Plan may mandate distributions of Account Balances of \$1,000 or less with no account activity within the last three years. For purposes of this provision, contributions to or distributions from a Participant's Plan account will constitute account activity. The Plan Administrator will notify all such Participants in writing requesting their option for distribution. The Participant may elect a direct rollover to an eligible retirement plan specified by the Participant or receive the distribution in a lump sum payment. If the Participant does not respond with an election, then the Administrator will pay the distribution in a lump sum to the Participant at the Participant's last known mailing address.

5.04 In-Service Distributions

(a) **Voluntary In-Service Distribution of *De Minimis*** A Participant who is an active Employee may elect to receive a distribution of the total amount payable to the Participant under the Plan if the following requirements are met:

1. The portion of the total amount payable to the Participant under the Plan does not exceed \$5,000;
2. The Participant has not previously received an in-service distribution of the total amount payable to the Participant under the Plan; and
3. No amount has been deferred under the Plan with respect to the Participant during the two-year period ending on the date of the in-service distribution.

(b) Participants in a plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code §3121(b)(7)(F) are not eligible for In-Service De Minimis distributions.

5.05 Unforeseeable Emergency Distributions

(a) **Distribution** If the Participant has an unforeseeable emergency before retirement or other Severance from Employment, the Participant may elect to receive a lump sum distribution equal to the amount requested or the maximum amount determined by the Administrator to be permitted to be distributed under this section 5.05, whichever is less.

(b) **Unforeseeable emergency defined** An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from:

1. an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent (as defined in Code §152(a));
2. loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);
3. the need to pay for the funeral expenses of the Participant's Beneficiary or the Participant's or Beneficiary's spouse or dependent (as defined in Code §152(a));
4. or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

For example, the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles,

as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency.

Except as otherwise specifically provided in this section 5.05, neither the purchase of a home, payment of income taxes, interest or penalties, unpaid utility bills, nor the payment of tuition is an unforeseeable emergency.

(c) Unforeseeable emergency distribution standard A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the Plan.

(d) Distribution necessary to satisfy emergency need Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).

(e) The Administrator shall have the right to request and review all pertinent information necessary to assure that Unforeseeable Emergency withdrawal requests are consistent with the provisions of Code §457(b).

(f) The Employer or Administrator may suspend the Participant's salary deferral election during the pendency of the Participant's request for an Unforeseeable Emergency distribution. Payment of an Unforeseeable Emergency distribution shall result in mandatory suspension of deferrals for a minimum of six (6) months from the date of payment (or such other period as mandated in applicable Treasury regulations).

(g) Participants in a Plan that is a retirement system providing FICA replacement retirement benefits pursuant to regulations under Code §3121(b)(7)(F) are not eligible for unforeseeable emergency distributions.

5.06 Death Benefit Distributions Upon receipt of satisfactory proof of the Participant's death, the Participant's remaining Account Balance shall be paid under a method satisfying the required minimum distribution rule of Code §401(a)(9) and the regulations thereunder.

(a) Participant's Required Beginning Date The Participant's entire interest will be distributed, or begin to be distributed to the Participant no later than the Participant's required beginning date as defined in Section 5.06(l).

(b) Death of Participant Before Participant's Required Beginning Date If the Participant dies before the required beginning date, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

1. If the Participant's surviving spouse is the Participant's sole designated beneficiary, then, except as provided in Section 5.06(f), distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, whichever is later.

2. If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then, unless the Beneficiary elects the five-year rule, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

3. If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

4. If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 5.06(b), other than Section 5.06(b)(1), will apply as if the surviving spouse were the Participant.

For purposes of this Section 5.06(b) and Section 5.06(f) unless Section 5.06(b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If Section 5.06(b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 5.06(b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 5.06(b)(1)), the date distributions are considered to begin is the date distributions actually commence.

(c) Forms of Distribution Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Section 5.06. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code §401(a)(9) and the Treasury regulations.

(d) Amount of Required Minimum Distribution For Each Distribution Calendar Year During the Participant's Lifetime During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

1. the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-

9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

2. if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(e) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death Required minimum distributions will be determined under Sections 5.06(d) and (e) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant's date of death.

(f) Death On or After Participant's Required Beginning Date

1. Participant Survived by Designated Beneficiary If the Participant dies on or after the Participant's required beginning date and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(a) the Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(b) if the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(c) if the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

2. No Designated Beneficiary If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of

the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(g) Death Before Participant's Required Beginning Date

1. Participant Survived by Designated Beneficiary. If the Participant dies before the required beginning date and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in Section 5.06(f).

2. No Designated Beneficiary. If the Participant dies before the required beginning date and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

3. Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin If the Participant dies before the required beginning date, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 5.06(b)(1), this Section 5.06(g)(3) will apply as if the surviving spouse were the Participant.

(h) Designated beneficiary The individual who is designated as the Beneficiary under the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(i) Distribution calendar year A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 5.06(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(j) Life Expectancy Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(k) Participant's account balance The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(l) Required beginning date The date specified under Section 401(a)(9) of the Internal Revenue Code when distributions are required to begin, which, for a Participant, is currently the April 1 following the year the Participant attains age 70½ or retires, whichever is later.

(m) Beneficiary's Election of Five-Year Rule Where Death Occurs Prior to the Participant's Required Beginning Date The Participant's designated Beneficiary is deemed to have elected the five-year rule if distributions have not begun by December 31 of the calendar year in which distributions would be required to begin under subsection 5.06(b). If the Participant has no designated Beneficiary or if the designated Beneficiary does not timely begin distributions, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

5.07 Participant's Payment Options A Participant's election of a payment option may commence no earlier than thirty (30) calendar days following Severance from Employment. If a timely election of a payment option is not made, benefits shall be paid in accordance with section 5.08. Subject to applicable law and the other provisions of this Plan, distributions may be made in accordance with one of the following payment options.

(a) A single lump-sum payment of the entire Account Balance;

(b) A single lump-sum payment of a partial portion of the Account Balance;

(c) Installment payments for a period of years (payable on a monthly, quarterly, semi-annual, or annual basis) which extends no longer than the life expectancy of the Participant as permitted under Code §401(a)(9) using the Uniform Lifetime Table at Reg. §1.041(a)(9)-9, A-2 for the Participant's age on Participant's birthday for that year. If the Participant's age is less than age 70, the distribution period is 27.4 plus the number of years that the Participant's age is less than age 70. The Account Balance for this calculation (other than the final installment payment) is the Account Balance as of the end of the year prior to the year for which the distribution is being calculated;

(d) Partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years, as described in subsection (c);

(e) Annuity payments (payable on a monthly, quarterly, semi-annual, or annual basis) for the lifetime of the Participant or for the lifetimes of the Participant and Beneficiary in compliance with Code §401(a)(9); or

(f) Such other forms of installment payments as may be approved by the Administrator consistent with the requirements of Code §401(a)(9).

5.08 Default Distribution Option In the absence of an effective election by the Participant as to the commencement and/or form of benefits, distributions shall be made in accordance with the applicable requirements of Code §§ 401(a)(9) and 457(d), and final Treasury regulations thereunder. In the absence of an effective election by the Beneficiary or Alternate Payee as to the commencement and/or form of benefits, distribution shall be made in a lump sum.

5.09 Limitations on Distribution Options Notwithstanding any other provision of this Article V, Plan distributions shall satisfy the requirements of this section 5.09.

(a) No distribution option may be selected by a payee under this Article V unless it satisfies the applicable requirements of Code §401(a)(9) and 457(d), and final Treasury regulations thereunder.

(b) The terms of this Article V shall be construed in accordance with all applicable Code sections.

5.10 Eligible Rollover Distributions

(a) General Notwithstanding any provision of the Plan to the contrary that would otherwise limit an election under this section, a Participant, the surviving spouse of a Participant (or a Participant's former spouse who is the alternate payee under a qualified domestic relations order as defined in Code §414(p)) (herein collectively called "distributee") may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan in a direct rollover.

A non-spousal beneficiary may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an eligible rollover distribution paid directly to an inherited individual retirement account, as described in Code §402(c)(11)

(b) Definitions For purposes of this section, the following definitions shall apply.

1. Eligible Rollover Distribution An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee or the non-spousal beneficiary, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Code §401(a)(9); any deemed distribution under the provisions of Code §72(p); the

portion of any distribution that is not includable in gross income; any distribution of excess deferrals; and any distribution on account of an Unforeseeable Emergency.

2. Eligible Retirement Plan An eligible retirement plan is an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b), an annuity plan described in Code §403(a) that accepts the distributee's eligible rollover distribution, a qualified trust described in Code §401(a) (including §401(k)) that accepts the distributee's eligible rollover distribution, a tax sheltered annuity described in Code §403(b) that accepts the distributee's eligible rollover distribution, or another eligible deferred compensation plan described in Code §457(b) that accepts the distributee's eligible rollover distribution or to the inherited individual retirement account specified by the non-spousal beneficiary.

3. Distributee A distributee includes an Employee or former Employee, the Employee's or former Employee's beneficiary or surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a Qualified Domestic Relations Order, as defined in Code §414(p), are distributees with regard to the interest of the spouse or former spouse.

4. Direct Rollover A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

5.11 Elections Elections under this section shall be made in such form and manner as the Administrator may specify from time to time. To the extent permitted by and in accordance with the Code, any irrevocable elections as to the form or timing of distributions executed prior to January 1, 2002, are hereby revoked.

5.12 Practices and Procedures The Administrator may establish policies and procedures applicable to existing and new distribution elections.

5.13 Taxation of Distributions To the extent required by law, income and other taxes shall be withheld from each benefit payment and payments shall be reported to the appropriate government agency or agencies.

5.14 Tax-Free Distributions for Public Safety Officers An eligible public safety officer (defined in Code §402(1)(4)(B)) who retired at full retirement age or qualified under a disability plan provision may elect to have distributions paid directly to an insurer to pay qualified health insurance premiums for coverage of the eligible retired public safety officer, his/her spouse and dependents by an accident or health insurance plan or qualified long-term care insurance contract as defined in Code §7703B(b).

VI. ROLLOVERS AND TRANSFERS

6.01 Eligible Rollover Contributions to Plan

(a) A Participant who is an Employee and who is entitled to receive an eligible rollover distribution from another eligible retirement plan may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code §402 and to confirm that such plan is an eligible retirement plan within the meaning of Code §402(c)(8)(B).

(b) For purposes of section 6.01(a), an eligible rollover distribution means any distribution of all or any portion of a Participant's benefit under another eligible retirement plan, except that an eligible rollover distribution does not include (1) any installment payment for a period of 10 years or more, (2) any distribution made as a result of an unforeseeable emergency or other distribution which is made upon hardship of the employee, (3) any deemed distribution under the provisions of Code §72(p), (4) the portion of any distribution that is not includable in gross income, (5) any distribution of excess deferrals or (6) for any other distribution, the portion, if any, of the distribution that is a required minimum distribution under Code §401(a)(9). In addition, an eligible retirement plan means an individual retirement account described in Code §408(a), an individual retirement annuity described in Code §408(b), a qualified trust described in Code §401(a), an annuity plan described in Code §403(a) or §403(b), or an eligible governmental plan described in Code §457(b), that accepts the eligible rollover distribution.

(c) The Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible retirement plan that is not an eligible governmental plan under Code §457(b). In addition, the Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any eligible governmental plan under Code §457(b).

6.02 Plan-to-Plan Transfers to the Plan Plan participants who also participate in another eligible government plan under Code §457(b) may transfer assets to the Plan as provided in this section 6.02. At the direction of the Employer, the Administrator may permit plan-to-plan transfers during an open enrollment period where all plan providers can explain the provisions of their plan. All transfers will have to be made during a 30 to 90 day period and transfers must be allowed both into and out of the Plan. Such a transfer is permitted only if the delivering plan provides for the direct transfer of each Participant's interest therein to the Plan. The Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Administrator. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Code §457(e)(10) and Treasury Reg. §1.457-10(b) and to confirm that the other plan is an eligible governmental plan as defined in Reg. §1.457-2(f). The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan, except that the transferred amount shall not be considered an Annual Deferral when determining the maximum deferral under Article III.

6.03 Plan-to-Plan Transfers from the Plan At the direction of the Employer, the Administrator may permit Participants to elect to have all or any portion of their Plan Account Balance transferred to another eligible governmental plan within the meaning of Code §457(b) and Reg. §1.457-2(f). The Administrator may permit these plan-to-plan transfers during an open enrollment period where all plan providers can explain the provisions of their plan. All transfers will have to be made during a 30 to 90 day period and transfers must be allowed both into and out of the Plan. An in-service transfer is permitted under this section only if the Participant is transferring to another eligible governmental plan maintained by the Employer. Further, a transfer is permitted under this section 6.03 only if the other eligible governmental plan provides for the acceptance of plan-to-plan transfers with respect to the Participant.

Upon the transfer of assets under this section 6.03, the Plan's liability to pay benefits to the Participant under this Plan shall be discharged to the extent of the amount so transferred. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this section 6.03; for example, to confirm that the receiving plan is an eligible governmental plan under paragraph (a) of this section 6.03, and to assure that the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Reg. §1.457-10(b).

The Administrator will require any documentation from the Participant that may affect the transfer and control of Plan assets; for example any divorce related documents such as a divorce decree. Plan assets held in a self directed brokerage account are not eligible for a plan-to plan transfer. Participant's must first move any self directed brokerage account assets they wish to transfer to another eligible government plan to the Plan's core investment options before a plan-to-plan transfer can be executed.

6.04 Permissive Service Credit Transfers

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code §414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this section 6.04(a) may be made before the Participant has had a Severance from Employment.

(b) A transfer may be made under section 6.04(a) if the transfer is either for the purchase of permissive service credit (as defined in Code§415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code §415 does not apply by reason of Code §415(k)(3), or as otherwise allowed by the Internal Revenue Service.

VII. CREATION OF TRUST AND TRUST FUND

7.01 Establishment of Trust A Trust is hereby created to hold all of the assets of the Plan for the exclusive benefit of its Participants and Beneficiaries, thus satisfying the trust requirement of the Internal Revenue Code §457(g). The Administrator has entered into separate written trust agreement with the plan sponsors whereby a custodial account is established to hold the contributions, the investment earnings, and the assets yet to be invested in the Plan. All contributions and the earnings thereon less payments made under the terms of the Plan, including fees and expenses, shall constitute the Trust.

7.02 Trust Fund All amounts of Annual Deferrals, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held and invested in the Trust Fund in accordance with the Plan document and/or the Custodial Agreement. The Trust Fund shall be established pursuant to a written agreement that constitutes a valid trust under applicable state law. The Trustee(s) shall ensure that all investments, amounts, property, and rights held under the Trust Fund are held for the exclusive benefit of Participants and their Beneficiaries. The Trust Fund shall be held in trust pursuant to a Trust Agreement for the exclusive benefit of Participants and their Beneficiaries and defraying reasonable expenses of the Plan and of the Trust Fund. It shall be impossible prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, for any part of the assets and income of the Trust Fund to be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries.

7.03 Appointment and Termination of Trustee The appointment and termination of Trustees must be made in accordance with Minnesota Statutes §352.03.

7.04 Control of Plan Assets The assets of the Trust shall be administered by the Trustee(s) under the terms of Article VII of this Plan document and under the separate written trust agreement .

7.05 General Duties of the Plan Recordkeeper The Plan Recordkeeper in the employ of the Administrator shall be responsible for the administration of investments held in the Plan. The Plan Recordkeeper's duties shall include:

- (a) Receiving contributions under the terms of the Plan;
- (b) Making distributions from Plan assets held in Trust in accordance with written instructions received from an authorized representative of the Plan Administrator;
- (c) Keeping accurate records reflecting its administration of the Trust assets and making such records available to the Plan Administrator.

The Plan Recordkeeper's duties shall be limited to those described above. The Administrator shall be responsible for any other administrative duties required under the Plan or by applicable law.

7.06 Exclusive Benefit Rules No part of the Trust assets shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants with an interest in the Plan, and the Beneficiary or Beneficiaries of a deceased Participant having an interest in the Trust assets at the death of the Participant.

7.07 Trustee Actions Every action taken by the Trustee(s) shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her, or it. The Trustee(s) shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interest, unless the contrary be proven by affirmative evidence. The Trustee(s) shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

7.08 Division of Duties and Indemnification

(a) The Trustee(s) shall have the authority and discretion to manage and govern the Trust assets to the extent provided in this instrument, but does not guarantee the Trust in any manner against investment loss or depreciation in asset value, or guarantee the adequacy of the Trust assets to meet and discharge all or any liabilities of the Plan.

(b) In accordance with Minnesota Statute §356A.04, subd 2, a fiduciary identified in section §356A.02 shall act in good faith and shall exercise that degree of judgment and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, considering the probable safety of the plan capital as well as the probable investment return to be derived from the assets.

(c) All directions issued to the Trustee by the Administrator shall be in accordance with the terms of the Plan and not contrary to the provisions of the Internal Revenue Code and Minnesota Law.

(d) The Trustee shall be indemnified and held harmless from reasonable costs or expenses incurred as a result of any actual or threatened litigation or other proceedings in accordance with Minnesota Statute §356A.11, subd 2.

(e) The Trustee shall not be responsible in any way for the application of any payments it is directed to make or for the adequacy of the Trust assets to meet and discharge any all liabilities under the Plan.

VIII. INVESTMENTS

8.01 Participant Investment Direction Participants shall have the option to direct the investment of their Account(s) from among the investment options offered by the Plan. The Participant's right to transfer among or out of any such investment options, shall be subject to any timing or other restrictions imposed upon Participants by the providers of the investment options chosen by the Participant, including, but not limited to market-timing restrictions, excessive trading restrictions and redemption fees. The Trustee or Custodian, as applicable, shall hold title to such investment options. A Participant's right to direct the investment of Account balances shall apply only to making selections among the options made available under the Plan and only to the extent specified by the Administrator pursuant to uniform rules. The terms of this paragraph, including any trading restrictions or fees, shall also apply to Beneficiary and Alternate Payee accounts.

(a) Each Participant shall designate on the form prescribed by the Administrator one or more investment options in which he wishes to have his Account invested and may change such investment directions in accordance with and at the time or times specified under uniform rules established by the Administrator or the investment provider, as applicable. The Participant's Account shall be debited or credited as appropriate to reflect all gains or losses on such investments. A Participant has the right to direct the investments of his Account. If a Participant does not provide such direction, the Participant's Account shall be invested in the default investment option selected by the Administrator.

(b) Neither the Administrator, the Trustee, the Custodian, nor any other person shall be liable for any loss incurred by virtue of following the Participant's directions or by reason of any reasonable administrative delay in implementing such directions.

8.02 Participant Accounts The Administrator shall maintain or cause to be maintained one or more individual accounts for each Participant. Such accounts shall include separate accounts, as necessary, for Code §457(b) Deferred Compensation, Code §457(b) rollovers, IRA rollovers, other qualified plan and Code §403(b) plan rollovers, and such other accounts as may be appropriate from time-to-time for plan administration. At regular intervals established by the Administrator, each Participant's account (s) shall be credited with the amount of any Deferred Compensation paid into the Trust; debited with any applicable administrative or investment expense, including, but not limited to, fees charged to Participants, allocated on a reasonable and consistent basis; credited or debited with investment gain or loss, as appropriate; and debited with the amount of any distribution. Each Participant shall be notified in writing of the balance in his Account at least once a year.

IX. ADMINISTRATION

9.01 Administrator The Administrator is the City of Milaca

9.02 Appointment and Termination of Administrator The appointment, duties, powers, and fiduciary duties of the plan administrator are detailed in Minnesota Statutes §352.03 and §352.96.

9.03 Duties of Administrator The Administrator is subject to applicable laws and approvals required by Minnesota Statutes §352.03 and §352.96. The Administrator, per Minnesota Statute §352.96, shall have authority to interpret, alter, amend, or revoke any rules, regulations or procedure adopted. Duties of the Administrator include:

- (a) Directing the custodian with respect to payments from the Plan assets held in Trust;
- (b) Communicating with participants regarding their participation and benefits under the plan, including the administration of all claim procedures;
- (c) Reviewing and approving any financial reports, investment reviews, or other reports prepared by any party appointed by the Administrator;
- (d) Construing and resolving any question of Plan interpretations. The Administrator's interpretation of Plan provisions including eligibility and benefits under the Plan is final.

9.04 Actions of Administrator Every action taken by the Administrator shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon him, her or it. The Administrator shall be deemed to have exercised reasonable care, diligence and prudence and to have acted impartially as to all persons interest, unless the contrary be proven by affirmative evidence. The Administrator shall not be liable for amounts of Compensation deferred by Participants or for other amounts payable under the Plan.

9.05 Delegation Subject to any applicable laws and any approvals required by the State of Minnesota, the Administrator may delegate any or all powers and duties to another person, persons, or entity, and may pay reasonable compensations for delegated services/tasks.

9.06 Investment and Service Providers Any company that issues policies, contracts, or investment media to the Plan or a Plan Participant is not a party to this Plan and such company shall have no responsibility, accountability, or liability to the Plan, Administrator, any Participant, or any Beneficiary with regard to the operation or adequacy of this Plan.

X. LEAVE OF ABSENCE

10.01 Leave of Absence If a Participant is on an approved leave of absence from the Employer, it does not constitute a severance from Employment, therefore, said Participant's participation in the Plan may continue. Upon termination of an unpaid leave of absence and return to active status, the Participant may enter into a new Participation Agreement to be effective when permitted by section 2.11. In the event

that such leave of absence becomes a Severance from Employment, said Participant shall have separated from service with the Employer for purposes of this Plan.

XI AMENDMENT OR TERMINATION OF PLAN

11.01 Termination The Plan is authorized by Minnesota Statute §352.96 and governed by Internal Revenue Code Section §457(b). The plan would only be terminated in order to comply with Minnesota Statute, IRS Code, or pursuant to final regulations.

11.02 Amendment The City of Milaca may amend the provisions of this Plan at any time; provided, however, that no amendment shall affect the amount of benefits which at the time of such amendment shall have accrued for Participants or Beneficiaries, to the extent of Compensation deferred before the time of the amendment and income thereon accrued to the date of the amendment, calculated in accordance with section 8.04 and the terms and conditions of the investment options hereunder; and provided further, that no amendment shall affect the duties and responsibilities of the Custodian unless approved by the Custodian. To the extent permitted by applicable law, the Administrator has the authority to adopt policies or procedures from time to time as may be necessary or desirable to conform Plan provisions to, or to elaborate Plan provisions in light of, technical amendments to the Code, Treasury regulations or other guidance issued under the Code, and such rules, regulations or procedures are hereby ratified by the Employer as having the force and effect of Plan amendments.

11.03 Copies of Amendments The Administrator shall provide a copy of any Plan amendment to the Custodian, the Recordkeeper, and to the issuers of any investment options selected pursuant to section 8.01.

XII. TAX TREATMENT OF AMOUNTS CONTRIBUTED

It is intended that pursuant to Code §457(b), the Amount Deferred shall not be considered current compensation for purposes of federal income taxation. This rule shall also apply to state income taxation unless applicable state laws provide otherwise. Such amounts shall, however, be included as compensation to the extent required under the Federal Insurance Contributions Act (FICA). Payments under this Plan shall supplement retirement and death benefits payable under the Employer's group insurance and retirement plans, if any.

XIII. MISCELLANEOUS

13.01 Non-Assignability Pursuant to Minnesota Statute §352.96, subd 6, except as provided in sections 13.02 and 13.03, the interests of each Participant or Beneficiary under the plan are not subject to the claims of the Participant's or Beneficiary's creditors, and neither the Participant nor any Beneficiary shall have any right to sell, assign, transfer, or otherwise convey the right to receive any payments hereunder or any interest under the Plan, which payments and interest are expressly declared to be non-assignable and non-transferable.

13.02 Plan Approved Domestic Relations Order Domestic relations orders approved by the Administrator shall be administered as follows.

(a) Notwithstanding section 13.01, if a final judgment, decree, or order (including approval of a property settlement) that is related to the marital property rights of a spouse or former spouse (herein called an Alternate Payee) is made pursuant to the domestic relations law of any State and meets the requirements of Code §414(p), then such order shall be referred to as a Plan Approved Domestic Relations Order (Domestic Relations Order). If a Domestic Relations Order is duly filed upon the Administrator, then the amount of the Participant's Account Balance shall be set aside in a separate account for Alternate Payee(s) as elected by the Alternate Payee. Payments to the Alternate Payee shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan, however, a required minimum distribution to the Alternate Payee(s) must commence once the original participant reaches age 70 ½ or severs employment, whichever is later (see section 5.02(b)). The Administrator shall establish reasonable procedures for determining the status of any such decree or order and for effectuating distribution pursuant to the Domestic Relations Order and may charge the Participant and Alternate Payee a fee as established from time to time.

(b) Where necessary to carry out the terms of such a Domestic Relations Order, a separate account shall be established with respect to the Alternate Payee(s) and such persons shall be entitled to make investment selections with respect thereto in the same manner as the Participant, except to the extent restricted by the Administrator or a specific investment option under the Plan. All costs and charges incurred in carrying out the investment selection shall be deducted from the account created for Alternate payee making the investment selection. The Alternate Payee may select from among the forms of payment available to Participants except a joint and survivor annuity naming the Alternate Payee and a subsequent spouse. Withholding and income tax reporting shall be done with respect to the alternate payee under the terms of the Code as amended from time to time.

(c) The Administrator's liability to pay benefits to a Participant shall be reduced to the extent that amounts have been paid or set aside for payment to a former spouse pursuant to this section. No amount shall be paid or set aside unless the Administrator has been provided with satisfactory evidence releasing them from any further claim by the Participant with respect to these amounts. The Participant shall be deemed to have released the Administrator from any claim with respect to such amounts in any case in which the Administrator has been notified of or otherwise joined in a proceeding relating to a Domestic Relations Order which sets aside a portion of the Participant's account for former spouse and the Participant fails to obtain an order of the court in the proceeding relieving the Administrator from the Obligation to comply with the Domestic Relations Order.

(d) The Administrator shall not be obligated to comply with any judgment, decree or order that attempts to require the Plan to violate any Plan provision or any provision of

Code §457(b). The Administrator shall not be obligated to defend against or set aside any judgment, decree, or order described herein or any legal order relating to the division of a Participant's benefits under the Plan unless the full expense of such legal action is borne by the Participant. In the event that the Participant's action (or inaction) nonetheless causes the Administrator to incur such expense, the amount of the expense may be charged against the Participant's account and thereby reduce the Administrator's obligation to pay benefits to the Participant. In the course of any proceeding relating to divorce, the Administrator shall be authorized to disclose information relating to Participant's individual account to the Participant's spouse or former spouse (including the legal representatives of the spouse or former spouse), or to a court.

13.03 IRS Levy Notwithstanding section 13.01, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service with respect to that participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

13.04 Mistaken Contributions If any contribution (or any portion of a contribution) is made to the Plan by a good faith mistake of fact, then within one year after the payment of the contribution, and upon receipt in good order of a proper request approved by the Administrator, the amount of the mistaken contributions (adjusted for any income, or loss in value, if any, allocable thereto) shall be returned directly to the Participant or, to the extent required or permitted by the Administrator, to the Employer.

13.05 Account Corrections It shall be the Participant's obligation to review all confirmation statements and quarterly statements for discrepancies or errors. Account corrections will be made only for errors which are communicated by the Participant to the Administrator within 90 calendar days of the last quarter end.

After this 90 days, account information shall be deemed accurate and acceptable. If the Participant notifies the Administrator after this 90 day period, the correction will only be made from the date of notification forward and not on a retroactive basis.

13.06 Payments to Minors and Incompetents To the extent the Administrator determines that the following procedure meets applicable state or local law, if a Participant or Beneficiary entitled to receive any benefits hereunder is a minor the Administrator will require that a guardian/custodian for the financial estate of the minor be appointed by the court prior to the payment of any benefits. If the Beneficiary is a person determined under law to be incompetent or incapacitated, distribution will be made to the guardian or custodian appointed by a court of competent jurisdiction. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

13.07 Procedure When Distributee Cannot be Located The Administrator shall make all reasonable attempts to determine the identity and address of a participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing of a notice to the last known address shown on the Employer's or Administrator's records, and (b) notification sent to a third party public records research firm. The payee has six (6) months to respond to any reasonable attempts made by the Administrator. If the Administrator is unable to locate such a person entitled to benefits hereunder, or if there has been no claim made for such benefits, the trust fund shall continue to hold the benefits due such person until in the Employer's or Administrator's sole discretion, the Plan is required to take other action under applicable law.

13.08 Advisory Services The Administrator may choose to make available investment advisory services to Plan Participants. Investment advisory services shall be provided by an independent, federally registered investment advisory firm that has entered into a separate written agreement with the Administrator. The advisory provider may offer investment guidance, investment advice, and/or advisory managed account services. These services are optional to Plan Participants and are subject to additional account fees.

XIV. DISCLAIMER

The Employer and the Administrator make no endorsement, guarantee or any other representation and shall not be liable to the Plan or to any Participant, Beneficiary, or any other person with respect to (a) the financial soundness, investment performance, fitness or suitability (for meeting a Participant's objectives, future obligations under the Plan, or any other purpose) of any investment option offered pursuant to section 8.01 or any investment vehicle in which amounts deferred under the Plan are actually invested, or (b) the tax consequences of the Plan to any Participant, Beneficiary or any other person.

XV. INTERPRETATION

15.01 Governing Law This Plan shall be construed under the laws of Minnesota Statute §352.96.

15.02 §457(b) This Plan is intended to be an eligible deferred compensation plan within the meaning of Code §457(b), and shall be interpreted so as to be consistent with such section and all regulations promulgated thereunder.

15.03 Word Usage Words used herein in the singular shall include the plural and the plural the singular where applicable, and one gender shall include the other genders where appropriate.

15.04 Headings The headings of sections or other subdivisions hereof are included solely for convenience of reference, and if there is any conflict between such headings and the text of the Plan, the text shall control.

15.05 Entire Agreement This Plan document and any properly adopted amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant. This Plan and any properly adopted amendment shall be binding on the parties hereto and their respective heirs, administrators, Trustees, successors, and assigns and on all designated Beneficiaries of the Participant.

RESOLUTION #08 – 20

RESOLUTION ASSESSING UNPAID WATER AND SEWER BILL AGAINST A
PROPERTY

BE IT RESOLVED that the following unpaid water and sewer bill be levied against the described property at a rate of 7 percent per annum.

\$155.64
Anton Paul
220 2nd St SE
Milaca MN 56353

PID #21-043-2050

Adopted this 15th day of May, 2008

Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

RESOLUTION #08 - 21

RESOLUTION ASSESSING UNPAID WATER AND SEWER BILL AGAINST A
PROPERTY

BE IT RESOLVED that the following unpaid water and sewer bill be levied against the
described property at a rate of 7 percent per annum.

\$251.85
Justin & Angel Paul
245 4th Ave SE
Milaca MN 56353

PID #21-043-0310

Adopted this 15th day of May, 2008

Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

RESOLUTION #08 - 22

RESOLUTION ASSESSING UNPAID WATER AND SEWER BILL AGAINST A
PROPERTY

BE IT RESOLVED that the following unpaid water and sewer bill be levied against the
described property at a rate of 7 percent per annum.

\$43.37
Mortgage Electronic Regis. Syst.
c/o EMC Mortgage Corp.
(115 6th Ave SE)
2780 Lake Vista Dr
Lewisville TX 75067

PID #21-043-1630

Adopted this 15th day of May, 2008

Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

RESOLUTION #08 – 23

RESOLUTION ASSESSING UNPAID WATER AND SEWER BILL AGAINST A
PROPERTY

BE IT RESOLVED that the following unpaid water and sewer bill be levied against the described property at a rate of 7 percent per annum.

\$91.85
US Bank National Assoc.
(345 3rd Ave NW)
3476 Stateview Blvd.
Fort Mill SC 29715

PID #21-041-0570

Adopted this 15th day of May, 2008

Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

RESOLUTION #08 – 24

RESOLUTION ASSESSING UNPAID WATER AND SEWER BILL AGAINST A
PROPERTY

BE IT RESOLVED that the following unpaid water and sewer bill be levied against the
described property at a rate of 7 percent per annum.

\$99.12
Kou & Toni Vang
1255 4th Ave NW
Milaca MN 56353

PID #21-771-0020

Adopted this 15th day of May, 2008

Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

RESOLUTION #08 - 25

RESOLUTION ASSESSING TREE REMOVAL COSTS

BE IT RESOLVED by the Milaca City Council that the council hereby assess the following cost of a nuisance abatement for a period of one year at the rate of seven percent,

\$150.00
Ryan Duncan & Sandie Toberman
560 Central Ave S
Milaca, MN 56353
PID #21-280-0080

Adopted this 15th day of May, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

RESOLUTION #08 - 26

RESOLUTION ASSESSING TREE REMOVAL COSTS

BE IT RESOLVED by the Milaca City Council that the council hereby assess the following cost of a nuisance abatement for a period of one year at the rate of seven percent,

\$750.00
Bruce & Cheryl Warner
230 3rd Ave NW
Milaca, MN 56353
PID #21-040-0040

Adopted this 15th day of May, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

RESOLUTION NO. 08 - 27

AUTHORIZATION TO EXECUTE MINNESOTA DEPARTMENT OF
TRANSPORTATION GRANT AGREEMENT FOR AIRPORT IMPROVEMENT

BE IT RESOLVED by the City of Milaca as follows:

1. That the State of Minnesota Amendment No. 1 to Lease No. PS0077 for Drivers services in the City Council Chambers is accepted.
2. That the Mayor and City Manager are authorized to execute this Agreement and any amendments on behalf of the City of Milaca.

Adopted this ____ day of May, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

CERTIFICATION

STATE OF MINNESOTA
COUNTY OF MILLE LACS

I certify that the above Resolution is a true and correct copy of the Resolution adopted by the City of Milaca at an authorized meeting held on the ____ day of May, 2008 as shown by the minutes of the meeting in my possession.

Greg Lerud, City Manager

SEAL

STATE OF MINNESOTA
AMENDMENT No. 1 TO
LEASE No. PS0077

THIS AGREEMENT is made this 25th day of April, 2008 by and between the City of Milaca, 255 1st Street East, Milaca, MN 56353, hereinafter referred to as LESSOR, and the STATE OF MINNESOTA, Department of Administration, hereinafter referred to as LESSEE, acting for the benefit of the Department of Public Safety, Driver and Vehicle Services, shall be an amendment and addition to Lease No. PS0077.

WITNESSETH:

WHEREAS, LESSOR and LESSEE entered into Lease No. PS0077, dated July 1, 1994, involving the rental of the Council Chambers area located on the main (general) floor in the building located at 255 1st Street East, to be used as a drivers exam station in the City of Milaca, County of Mille Lacs,

WHEREAS, the parties deem certain amendments and additional terms and conditions mutually beneficial for the effective continuation of said Lease,

NOW THEREFORE, LESSOR and LESSEE agree to substitution and/or addition of the following terms and conditions which shall become a part of the Lease Agreement No. PS0077, effective as of the date set forth hereinafter.

1. RENEWAL TERM

LESSOR and LESSEE hereby agree that this Lease Agreement shall be renewed for an additional term of two (2) years commencing on July 1, 2008 and continuing through June 30, 2010, at the same terms and conditions as set forth in the Lease Agreement.

2. Except as modified by the provisions of the Amendment, said Lease Agreement is ratified and confirmed as originally written.

IN WITNESS WHEREOF, the parties have set their hands on the date(s) indicated below intending to be bound thereby.

LESSOR: City of Milaca

Lessor certifies that the appropriate person(s) have executed the Lease Agreement on behalf of Lessor as required by applicable articles, bylaws, resolutions, or ordinances.

By _____

Title _____

Date _____

By _____

Title _____

Date _____

LESSEE:
STATE OF MINNESOTA
DEPARTMENT OF ADMINISTRATION
COMMISSIONER
Delegated to

By _____

Title _____

Date _____

APPROVED:
STATE OF MINNESOTA
DEPARTMENT OF PUBLIC SAFETY

By _____

Title _____

Date _____

Memo

To: Mayor and City Council
From: Milaca Area Historical Society
Date: May 8, 2008

Subject: Update on historic city hall building

The Milaca Museum opened for the season on May 1. Our regular hours will again be Thursdays and Fridays 1 to 5 p.m. and Saturdays 10 a.m. to 2 p.m. We will remain open through November 22. We also welcome groups to arrange visits outside these regular hours.

All seven classes of the third grade from Milaca Elementary School has visited the Museum and taken a walking tour of some of Milaca's historic sites. The second grade will also be visiting before the end of the month. We are very excited about our role in enhancing the school's curriculum, and enjoy the students' enthusiasm about their community's history.

We are working on upgrading and improving our displays on an ongoing basis. The north storage room has been renovated and is now in use, and historical society members have done a spring cleanup of building and grounds.

We hope the council will consider budgeting for improvements to the building's handicap access in 2009. The current ramp was installed many years ago, and needs updating and repair.

Grants have been applied for through the Minnesota Historical Society and ECM Publisher's Community Affairs Council. If successful, funds from these grants will assist the MAHS in computerizing our catalog of objects and resources, which will enable us to better organize the collection, as well as make it more accessible.

We welcome the mayor and council to come visit the Museum at any time, or attend one of our monthly meetings (fourth Tuesday at 7 p.m., in the council chambers). If you would like a "behind the scenes" tour, please leave a message at the Museum (982-1212).

ORDINANCE NO. 375

AN ORDINANCE INCORPORATING BUILDING DESIGN STANDARDS FOR THE CITY'S CENTRAL BUSINESS DISTRICT B-1, GENERAL BUSINESS DISTRICT B-2, AND INDUSTRIAL DISTRICT, I-1

The Council hereby ordains:

Purpose. The purpose of this section is to establish minimum standards for exterior architecture of commercial, residential, office, and industrial buildings is to ensure high quality of development, redevelopment and compatibility with evolving architectural or planning themes that contribute to a community image of quality, visual aesthetics, permanence and stability which are in the best interest of the citizens of the city.

These standards are intended to prevent use of materials that are unsightly, rapidly deteriorate, contribute to depreciation of area property values, or cause urban blight.

These structure standard are further intended to ensure coordinated design of building exteriors, additions and accessory structure exteriors in order to prevent visual disharmony; minimize adverse impacts on adjacent properties from buildings which are or may become unsightly, and buildings that detract from the character and appearance of the area. It is not the intent of this ordinance to unduly restrict design freedom when reviewing and approving project architecture in relationship to the proposed land use, site characteristics, and interior building layout.

Section 1. Applicability. The design standards in this section shall apply to the following:

- (a) All facades of new principle buildings.
- (b) All facades of new accessory buildings.
- (c) Remodeling of existing buildings that result in "refacing" more than one side of the existing building, or refacing the wall oriented toward the nearest public road.
- (d) Additions to buildings that increase the gross floor area by more than 15 percent for commercial or retail buildings. Additions not exceeding these thresholds may be constructed using exterior materials that match or are compatible with the existing building materials and colors.
- (e) All subsequent additions and alterations constructed after the erection of an original building or buildings shall be of the same materials as those used in the original building and shall be designed in a manner conforming to the original architectural concept and general appearance. These provisions shall not prevent the City to require upgrading of the quality of materials used in a remodeling or expansion program.

Section 2. Building Design and Construction Standards. In the B-1 zoned district, on all the walls that face a public street, at least fifty percent of the entire exterior wall surface shall be constructed on one of the following materials:

Face brick
Rock face block
Cementitious siding
Natural stone or stone veneers
Glass
Masonry stucco
Synthetic stucco
Exterior Insulation and Finish Systems (EIFS)

Prohibited Materials. Under no circumstances shall sheet plywood, sheet metal, corrugated metal, galvanized metal, unfinished metal, asbestos, iron, or plain concrete block (whether painted or color-integrated or not) be deemed acceptable as exterior wall materials on buildings.

Passed this ____ day of _____, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

ORDINANCE NO. 376

AN ORDINANCE ESTABLISHING ELIMINATING THE MAXIMUM WIDTH OF
RESIDENTIAL DRIVEWAYS

THE MILACA CITY COUNCIL ordains:

There shall be no maximum width of single-family residential driveways, provided all other lot coverage requirements are met.

This ordinance shall be effective upon passage and publication.

Adopted this 15th day of May, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

First reading: 01-17-08

Second reading: 02-21-08

Published _____

RESOLUTION NO. 08 – 28

A RESOLUTION VOIDING RESOLUTION NO. 07-47

WHEREAS the City of Milaca previously passed Resolution No. 07-47, granting a variance that permits a driveway wider than the ordinance permitted; and,

WHEREAS the City Council passed Ordinance No. 376 which allows residential driveways of any widths, provided lot coverage requirements are met,

NOW THEREFORE BE IT RESOLVED that the Milaca City Council hereby voids Resolution No. 07-47.

Adopted this 15th day of May, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

MEMO

April 10, 2008

To: City Council
From: Marshall Lind
Building Official

RE: Airport Hangers

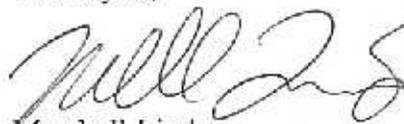
On March 14, 2008, Greg Lerud and I conducted an inspection of two hangers at the Milaca airport. The inspections were made at the request of the Milaca Airport Commission. The two hangers are located along the North taxiway.

The East hanger roof trusses were built from 2x6 spaced 24 in. on center and spanned a distance of 13 ½ ft. The MN. State Building Code requires a 60 psf ground snow load for Mille Lacs County and North. Using Table 2308.10(4) from the MN. State Building Code, rafter spans for 50 psf ground snow load, a 2x6 with a spacing of 24 inches on center would only be able to span 7 ft. 10 inch. The header spanning the middle of the building is sagging and the middle beam supporting the header does not appear to have a footing under it. In picture #2 it appears that boards have been placed trying to hold it steady. In picture #3, the electrical is insufficiently maintained.

The West hanger roof trusses were built from 2x12 spaced 7 ft. on center and spanned 15 ft. Using the same table as listed above, a 2x12 space 24 inches on center can span a distance of 14 ft. 1 inch. As you can see in picture #4 and #5, the middle header is sagging. In picture #8, it shows that the hanger is not being maintained, there is a hole in the side wall that has never been fixed. In picture #9, it appears be the coloring of the pole that the pole supports for the building have been heaving. In pictures #10 & #11, you can see were the metal sheathing is pulling apart and twisting due to the heaving of the building. In the last picture, #12, you can see a dramatic sag from the back of the roof and from the side of the roof.

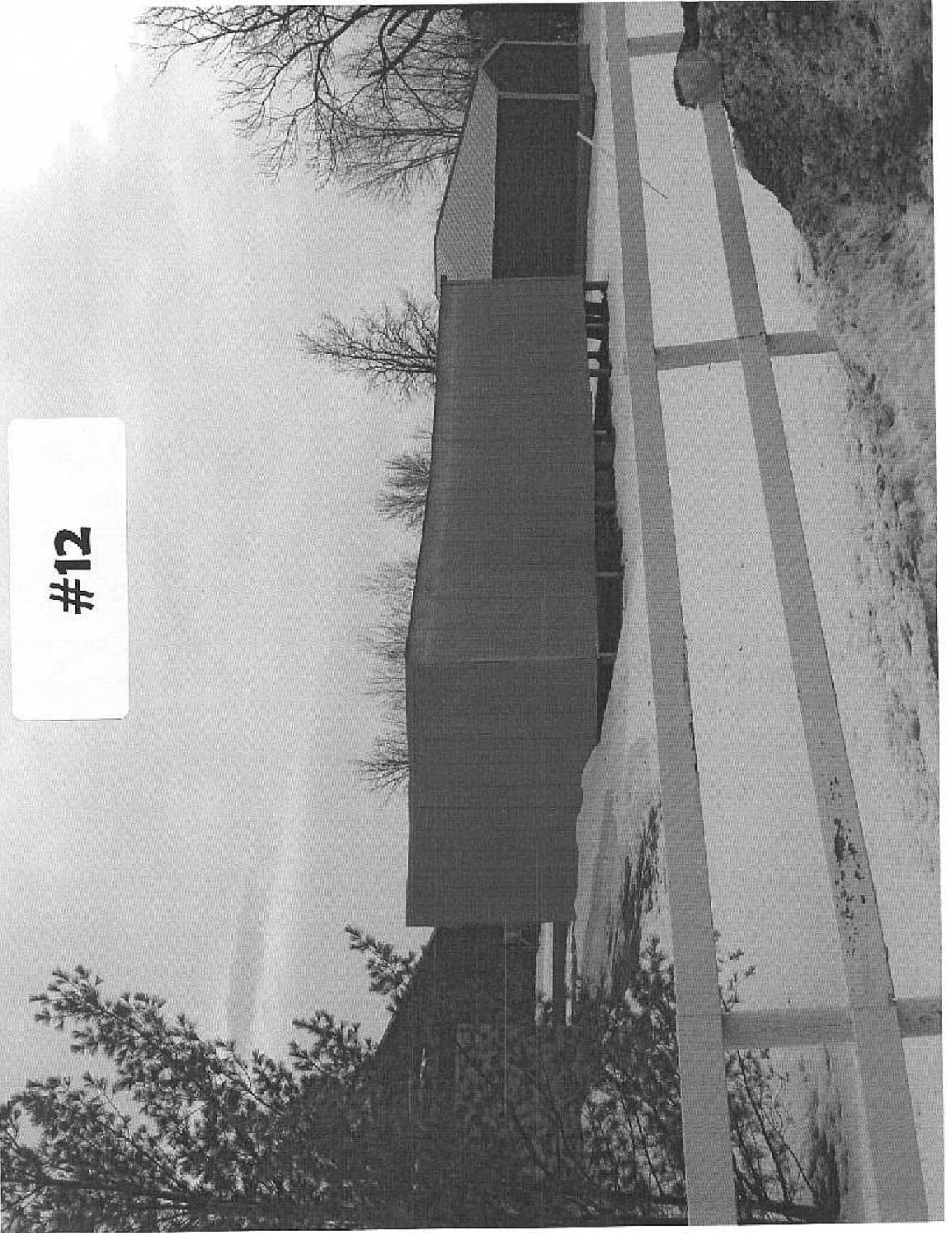
The buildings appear to have many deficiencies and do not meet MN. State Building Code.

Thank you,



Marshall Lind
Building Official

#12



Preliminary - For Discussion Purposes Only

City of Milaca, MN

Proposed G.O. Improvement Bonds, Series 2009

Bond Information			Proposed G.O. Bonds, Series 2009				
Dated Date	6/1/2009		Par Amount of Bonds				830,000
1st Interest Pymt	2/1/2010		Prepays year 1				-
1st Principal Pymt	2/1/2010		Total Sources				830,000
Average Coupon	5.1346%		Total Underwriter's Discount (1.250%)				10,375
TIC	5.2402%		Costs of Issuance				18,000
			Deposit to Capitalized Interest (CIF) Fund				-
			Deposit to Project Construction Fund				800,000
			Rounding Amount				1,625
			Total Uses				830,000

Levy Year	Collect Year	Payment Date	Principal	Rate	Interest	Cap Interest	Net P & I	P & I +5.00%
2007	2008	6/1/2009				-	-	-
2008	2009	2/1/2010	45,000	3.95%	27,055		72,055	75,658
2009	2010	2/1/2011	35,000	4.00%	38,805		73,805	77,495
2010	2011	2/1/2012	35,000	4.25%	37,405		72,405	76,025
2011	2012	2/1/2013	35,000	4.30%	35,918		70,918	74,463
2012	2013	2/1/2014	40,000	4.45%	34,413		74,413	78,133
2013	2014	2/1/2015	40,000	4.55%	32,633		72,633	76,264
2014	2015	2/1/2016	40,000	4.60%	30,813		70,813	74,353
2015	2016	2/1/2017	45,000	4.70%	28,973		73,973	77,671
2016	2017	2/1/2018	45,000	4.80%	26,858		71,858	75,450
2017	2018	2/1/2019	50,000	4.90%	24,698		74,698	78,432
2018	2019	2/1/2020	50,000	5.00%	22,248		72,248	75,860
2019	2020	2/1/2021	55,000	5.10%	19,748		74,748	78,485
2020	2021	2/1/2022	55,000	5.20%	16,943		71,943	75,540
2021	2022	2/1/2023	60,000	5.30%	14,083		74,083	77,787
2022	2023	2/1/2024	65,000	5.40%	10,903		75,903	79,698
2023	2024	2/1/2025	65,000	5.45%	7,393		72,393	76,012
2024	2025	2/1/2025	70,000	5.50%	3,850		73,850	77,543
			830,000		412,733	-	1,242,733	1,304,869

Preliminary - For Discussion Purposes Only

City of Milaca, MN

Proposed Tax Impact

	<u>Election G.O. Bond</u>
Type of Property Taxes	Tax Capacity
Subject to Debt Limit	Yes
Rating	NR
Sources & Uses	
Par Amount of Bonds	830,000
Other Sources of Funds	-
Total Underwriter's Discount	10,375
Costs of Issuance	18,000
Deposit to Capitalized Interest Fund	-
Deposit to Debt Service Reserve Fund (DSRF)	800,000
Deposit to Project Construction Fund	1,625
Rounding Amount	830,000
Total Uses	830,000
Total Interest Cost (TIC)	5.24%
Average Coupon	5.13%
Term of Debt	20
Net Annual Payment	75,658
Tax Base Pay 2008	1,675,543
Tax Rate	4.52%
Fiscal Disparities Ratio **	

Property Tax Impact - Residential	Election G.O. Bond
150,000	\$67.73
200,000	\$90.31
250,000	\$112.89

Property Tax Impact - Commercial	Election G.O. Bond
500,000	\$417.68
750,000	\$643.45
1,000,000	\$869.22

Preliminary - For Discussion Purposes Only

City of Milaca, MN

Proposed G.O. Improvement Bonds, Series 2009

Bond Information		Proposed G.O. Bonds, Series 2009	
Dated Date	6/1/2009	Par Amount of Bonds	1,035,000
1st Interest Pymt	2/1/2010	Prepays year 1	-
1st Principal Pymt	2/1/2010	Total Sources	1,035,000
Average Coupon	5.1244%	Total Underwriter's Discount (1.250%)	12,938
TIC	5.2301%	Costs of Issuance	21,000
		Deposit to Capitalized Interest (CIF) Fund	-
		Deposit to Project Construction Fund	1,000,000
		Rounding Amount	1,063
		Total Uses	1,035,000

Levy Year	Collect Year	Payment Date	Principal	Rate	Interest	Cap Interest	Net P & I	P & I +5.00%
2007	2008	6/1/2009				-	-	-
2008	2009	2/1/2010	55,000	3.95%	33,647		88,647	93,079
2009	2010	2/1/2011	45,000	4.00%	48,298		93,298	97,962
2010	2011	2/1/2012	45,000	4.25%	46,498		91,498	96,072
2011	2012	2/1/2013	50,000	4.30%	44,585		94,585	99,314
2012	2013	2/1/2014	50,000	4.45%	42,435		92,435	97,057
2013	2014	2/1/2015	50,000	4.55%	40,210		90,210	94,721
2014	2015	2/1/2016	55,000	4.60%	37,935		92,935	97,582
2015	2016	2/1/2017	55,000	4.70%	35,405		90,405	94,925
2016	2017	2/1/2018	60,000	4.80%	32,820		92,820	97,461
2017	2018	2/1/2019	60,000	4.90%	29,940		89,940	94,437
2018	2019	2/1/2020	65,000	5.00%	27,000		92,000	96,600
2019	2020	2/1/2021	65,000	5.10%	23,750		88,750	93,188
2020	2021	2/1/2022	70,000	5.20%	20,435		90,435	94,957
2021	2022	2/1/2023	70,000	5.30%	16,795		86,795	91,135
2022	2023	2/1/2024	75,000	5.40%	13,085		88,085	92,489
2023	2024	2/1/2025	80,000	5.45%	9,035		89,035	93,487
2024	2025	2/1/2026	85,000	5.50%	4,675		89,675	94,159
			1,035,000		506,547	-	1,541,547	1,618,624

Preliminary - For Discussion Purposes Only

City of Milaca, MN

Proposed Tax Impact

	<u>Election G.O. Bond</u>
Type of Property Taxes	Tax Capacity
Subject to Debt Limit	Yes
Rating	NR
Sources & Uses	
Par Amount of Bonds	1,035,000
Other Sources of Funds	-
Total Underwriter's Discount	12,938
Costs of Issuance	21,000
Deposit to Capitalized Interest Fund	-
Deposit to Debt Service Reserve Fund (DSRF)	
Deposit to Project Construction Fund	1,000,000
Rounding Amount	1,063
Total Uses	1,035,000
Total Interest Cost (TIC)	5.23%
Average Coupon	5.12%
Term of Debt	20
Net Annual Payment	93,079
Tax Base Pay 2008	1,675,543
Tax Rate	5.56%
Fiscal Disparities Ratio **	

Property Tax Impact - Residential	Election G.O. Bond
150,000	\$83.33
200,000	\$111.10
250,000	\$138.88

Property Tax Impact - Commercial	Election G.O. Bond
500,000	\$513.85
750,000	\$791.61
1,000,000	\$1,069.37

RESOLUTION NO. 08 - 17

A RESOLUTION VACATING TWO RIGHTS-OF-WAY

WHEREAS the City of Milaca received a request from Mille Lacs County to vacate parts of two rights-of-way; that part of the 200 block of 6th Street SE from the north edge of the vacated alley right-of-way to the south edge of the CSAH 2 right-of way, and that part of the 200 block of 7th Street SE from the south edge of the county parking lot entrance to the south edge of the CSAH 2 right-of-way; and,

WHEREAS the City notified adjoining property owners of the request, and posted the notice in the City's official newspaper; and,

WHEREAS a public hearing was held on April 17, 2008 to receive comments on the request,

NOW THEREFORE BE IT RESOLVED that the Milaca City Council hereby vacates the following rights-of-way:

That part of the 200 block of 6th Street SE from the north edge of the vacated alley right-of-way to the south edge of the CSAH 2 right-of way, and that part of the 200 block of 7th Street SE from the south edge of the county parking lot entrance to the south edge of the CSAH 2 right-of-way.

Adopted this ____ day of _____, 2008.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

From: <steveburklund@aol.com>
To: <glerud@milacacity.com>
Date: 5/9/2008 8:45:45 AM
Subject: barricades

Greg,? This is what it will take to replace the barricades at the end of 5th St. S.W.?

4 posts @ \$22.18ea = \$88.72
12 boards@\$41.15 ea = \$493.80
Hardware =? \$10.00
3hours labor =? \$90.00
Tax? =\$38.51
TOTAL =? \$721.03





PS Bid #: JMH2302616
Job Name: VXU EQUIPMENT
Location: MILACA, MN
Customer: MILACA WATER DEPT
Engineer:
Bid date: 4/28/08

Salesman: GREG BENTSON
Branch: EDEN PRAIRIE, MN
Phone: (952) 937-9666
Fax: (952) 937-8065
Mobile: (800) 621-1166

Seq#	Qty	Description	Units	Price	Ext. Price
VEHICLE READING EQUIPMENT					
30	1	VXU UPGRADE PROGRAM PACKAGE INCLUDES: 1- VEHICLE READING UNIT (VXU) 1 - LAPTOP W/ AUTOVU SOFTWARE 2 DAYS OF TRAINING ABOVE PACKAGE REQUIRES A QUALIFYING PURCHASE OF 150 MXU'S	EA	17,000.00	17,000.00
60	150	DUAL PORT WIRED MXU	EA	118.76	17,814.00
PRICES DO NOT INCLUDE TAX					

Bid Totals

Sub Total	\$34,814.00
Bid Total	\$34,814.00

**Please review the accompanying grant guidelines before completing.

INITIATIVE FOUNDATION GRANT APPLICATION COVER SHEET

You may reproduce this form on your computer.

Date of application: May 16, 2008 Application submitted to: Don Frank

Organization Information

City of Milaca
Name of 501 (c)(3) Organization or Public Agency
255 First Street East Legal name, if different
Milaca, MN 56353 City, State, Zip
Address (include PO Box and physical address if applicable)
320-983-3141 320-983-3142 www.cityofmilaca.org
Phone Fax Web site
Greg Lewal City Manager 320-983-3141 glewal@milacacity.com
Name of Top Paid Staff Person Title Phone E-mail
Same as above
Name of Contact Person Title Phone E-mail
Regarding this Application
Is your organization an IRS 501(c)(3) not-for-profit? Yes No
If no, is your organization a public agency/unit of government? Yes No
If you answer "No" to both of these questions, you are ineligible for a grant award.

Proposal Information

Project Title: Downtown Revitalization
Geographic area served by this project: Specifically, the City of Milaca. But the City has a primary service of eight townships and 10,000 people.
Please give a 2-3 sentence summary of request:

Project start date: June 9, 2008 Project end date: September 1, 2008

Budget

Total project budget (for support other than general operating): \$ 5500
Dollar amount requested: \$ 1500
Total annual organization budget: \$ 1.3 million

Authorization

Name and title of board-authorized signatory: _____

Signature: (Must be original) _____

Grant Application Short Form

1. Complete and include ONE ORIGINAL and ONE COPY of the enclosed:
 - A. *Grant Application Cover Sheet*
 - B. *Project Narrative – see below*
 - C. *Grantee Action Plan*
 - D. *Project Budget Form*
 - E. *Attach a copy of your 501(c)(3) IRS Determination letter (if applying as a nonprofit organization)*
 - F. *Governing body minutes authorizing this grant application*
2. **Project Narrative** should generally answer the following questions. Be sure to indicate how your project directly meets our funding priorities and grant criteria.

please see attached

- A. Please provide a brief history of your organization and its mission.
- B. **WHAT** is your proposed project? What is the primary goal of this project?
- C. **WHO** will carry out this project? What is their experience/background with projects of this type?
- D. **WHY** is this project important and how does it strengthen your community/organization? **WHAT** are the specific, measurable outcomes of this project? **HOW** did your community/organization determine the need for this project?
- E. **WHAT** will the proposed Initiative Foundation funds be used for? **WHAT** other funds will be used to support your project?
- F. **HOW** will community/organization assets and resources (volunteers, facilities, leadership, funds, etc.) be used to design, implement and sustain (if ongoing) this project? List any consultants used on this project, and the percentage of the budget that this expense represents.
- G. Will Initiative Foundation funds be spent/used outside the Initiative Foundation's 14-county region? If so, why?

A.

The City of Milaca, population 2800, is the county seat of Mille Lacs County and located at the intersection of US Highway 169 and MN Highway 23. While a bedroom community for both the Twin Cities and St. Cloud, Milaca has an industrial park and a retail downtown area. The city is ideally located in the state of Minnesota – offering residents easy access to all parts of the state, as well as being located near prime recreational land.

B.

We hope to create a sense of identity and pride for the community. Our goals are to revitalize our downtown by creating opportunities for existing business to expand and also bring in new businesses – creating a downtown sense of place for residents and visitors. We would like to increase cultural and recreational opportunities in the Milaca.

By achieving the goals developed through this process, the Milaca community will have a renewed sense of identity with expanded business opportunities and outlets for creative expression as well as recreational activities. Milaca is at a crossroads with our downtown, but this program, combined with other activities which we are currently engaged in, we believe will help stimulate downtown economic development.

We want to answer four questions with this program:

1. How can the city increase pedestrian traffic downtown?
2. How can the city create a sense of place in the downtown area?
3. What features can be created to encourage people to visit downtown?
4. What could our downtown look like? Unique

C.

The project will be collaborative. The City of Milaca was successful in receiving approval from the Center for Rural Design for its application to bring a summer intern to the city to lead our efforts. We have not yet selected a student to assist us, but the student is enrolled in the College of Design at the University of Minnesota. In addition to the Student, the Center for Rural Design, city staff, the community group going through the Healthy Community Partnership program will assist in carrying out the program goals.

We believe the student research assistant must be self-motivated. They will be expected to exercise a great deal of independent judgment and action based on their experience and education. We believe there will be weekly progress meetings between the project supervisor, an elected official, and the student research assistant in order to ensure the project is proceeding.

D.

The City Council has made downtown (re)development a major priority as evident by our involvement in the Healthy Community Partnership, as well as involvement in ongoing business project in downtown.

We expect the research assistant to complete the following by the end of the internship:

1. Prepare a document with specific recommendations on how to accomplish the goals stated above.
2. Prepare visual images of the recommendations as a way to encourage discussion and the sharing of ideas.
3. Make at least two public presentations of the above information.
4. The student will participate in all relevant public meetings.

E.

Initiative Foundation funds will be used to help pay for the salary of the intern. The total project cost is estimated to be \$5,500. The City of Milaca has committed \$2,000, and the Center for Rural Design is contributing \$2,000.

F.

We will use the products generated through this process in our Healthy Community Partnership program we are currently involved in through the Initiative Foundation, as well as our four other downtown focus groups. We see the product of this application fitting in community visioning/workshop session that student will be engaged in this summer. We believe both the student and the community would benefit by this participation.

G.

No

PROJECT BUDGET

If necessary, please attach a budget narrative explaining your numbers.

INCOME

<u>Source</u>	<u>Support</u>	<u>Amount</u>
Government grants		\$ 2,000
Foundations		\$ 1,500 (Requested amount)
Corporations		\$
United Way or other federated campaigns		\$
Individual contributions		\$
Fundraising events and products		\$
Membership income		\$
In-kind support		\$ 500
Investment income		\$
	Revenue	
	Government contracts	\$
	Earned income	\$
	Other (specify)	
	Tax revenue	\$ 1,500
		\$
		\$
Total Income		\$ 5,500

EXPENSES

<u>Item</u>	<u>Amount</u>
Salaries and wages	\$ 3000
Insurance, benefits and other related taxes	\$ 1000
Consultants and professional fees	\$
Travel	\$ 1000
Equipment	\$
Supplies	\$
Printing and copying	\$
Telephone/fax/internet	\$
Postage and delivery	\$
Rent and utilities	\$
In-kind expenses (must equal in-kind support)	\$ 500
Other (specify)	\$
	\$
	\$
Total Expense	\$ 5,500
Difference (Income less Expense)	\$

INITIATIVE FOUNDATION GRANTEE ACTION PLAN

Please maintain a copy of this completed form for your records, as you will need to refer to it for progress reporting.

Grantee Organization	City of Milawa
Project Coordinator	Greg Lerud
Phone/Email	320-983-3141 glerud@milawacity.com
Project Title	Downtown Revitalization

Summary of Project
(1 or 2 sentences)

Note: At least one goal should answer the question, "So What?" What **measurable difference will your project make in your community or organization; in changed lives, in new skills, knowledge, behaviors, or attitudes?*

Goal #1: Top Priority Goal
Must be measurable results, not just effort.

Develop drawings and sketches of street scope, and specific recommendations on improvements that can be made that answer the four questions contained in statement "B" from the narrative.

Action Plan
What steps need to be done to achieve this goal?

Action	By When	Person Responsible
<i>(will be working with the student to develop)</i>		
1. Meet with Stakeholders	6/20	
2. Attend relevant community meetings and HCP meetings	6/23	
3. Develop specific recommendations for improvements or changes to downtown		
4.		

Expected Result/Outcome

Products will be used by HCP and City Council to move forward on downtown improvements.

Goal #2

Must be measurable results, not just effort.

Action Plan

What steps need to be done to achieve this goal?

Action	By When	Person Responsible
1.		
2.		
3.		
4.		
Expected Result/Outcome		

Goal #3

Must be measurable results, not just effort.

Action Plan

What steps need to be done to achieve this goal?

Action	By When	Person Responsible
1.		
2.		
3.		
4.		
Expected Result/Outcome		

Please maintain a copy of this completed form for your records, as you will need to refer to it for progress reporting.

BID TABULATION

HIGHWAY 169 INDUSTRIAL PARK
SIXTH AVENUE NE ROAD EXTENSION

OPENING: May 12, 2008 11:30 a.m.

BIDDER	PART A	PART B
1. <u>Rum River Contracting</u>	<u>116,478.75</u>	<u>34,615.00</u>
2. <u>Knife River</u>	<u>109,274.67</u>	<u>29,786.50</u>
3. <u>Hendricks</u>	<u>104,036.81</u>	<u>29,795.00</u>
4. _____	_____	_____
5. _____	_____	_____
6. _____	_____	_____
7. _____	_____	_____
8. _____	_____	_____

