

MILACA CITY COUNCIL AGENDA
APRIL 21, 2011

6:30

Call meeting to order
Roll Call

Consent Agenda

Minutes of the March 17 regular council meeting
Bills for payment
City Treasurer's report
Approve budget changes
Appoint Mary Jo Harris to Parks commission, term expires 12/31/13

Citizens Forum

Keith Schupp – Winkelman Building Corporation
Stacey Weidewitsch – Farmer's market

Public Hearing

Bank Qualified Bond issue – Elim Home
Resolution No. 11 – 10

Requests and Communications

2010 Audit presentation – KDV

Ordinances and Resolutions

Ordinance No. 392 - Updating code
Resolution No. 11 – 11 Approving sale of property

Reports of Boards and Commissions

Planning commission
Economic Development commission
Airport commission
Policies
Parks commission
Downtown Initiative

Unfinished Business

New Business

Developer's agreement with Teal's Market
Individual treatment systems

Council Comments

Adjourn

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

MILACA CITY COUNCIL MINUTES
MARCH 17, 2011

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

Staff present: Lerud, Gann, Schieffer, and Moyer.

Also present: Lesley Toth and Eric Altena

Motion by Johnson, second by Muller to approve the consent agenda:

1. Minutes of the February 17 regular council meeting.
2. General bills, 811040E-811044E, #37442-37445, #37502-37511, #37514-37568, totaling \$108,152.09; Liquor bills, 811045E, 911005E-911008E, #21691-21704, #21735-21748, totaling \$128,881.13.
3. RESOLUTION NO. 11 – 07 A RESOLUTION ASSESSING UNPAID FIRE DEPARTMENT CHARGES FOR SERVICE (entire text appears in Resolution book.)
4. Approve the Treasurer's report.

Unanimous consent.

Mayor Pedersen opened citizen's forum and invited anyone to speak to an item not on the agenda. No one came forward.

Eric Altena, manager of the MN Department of Natural Resources fisheries office in Little Falls said he submitted for funding to make safety and fish passage improvements to the dam in Rec Park. He said \$30,000 in funding from the Lessard Sams Outdoor Heritage Council was approved. He said the dam is called a "low head" dam and it is a good candidate for replacement because it floods out some years, and it poses a significant drowning risk. Altena said there are a couple of options for improvement; first is to completely remove the dam. He said that there are a couple of natural spots farther up the river that would support the water level up stream. The second option was to drop the existing structure down a foot and replace with a fixed crest riffle area, or a series of rock drops.

Mayor Pedersen asked about the cost. Altena said he thought total removal could be done for less than the \$30,000, but the riffle would cost a little more depending on the availability of rock and contractors. Greg Moyer said he thought removing the dam would lower the water level significantly. He said a year or so ago, boards were put across the spill ways, and it raised the level of water a foot in just a couple of days. Altena said there are two natural control areas north of the dam, so the water would be raised higher, but farther upstream the dam does not have much effect because the once the water exceeds the height of the dam, it couldn't back up any more.

Council member Bekius asked if any studies had been done for the low head dam removals that have been used as the examples tonight. He said he would need to see those before he could make a decision to remove the dam. Altena said studies have been done and they would be forwarded to Lerud.

Altena said he is just here to provide information and let the council know what can be done. He said improvements to the existing dam cannot be made, and if the city chooses to do nothing, that is fine as well. He said the money is available through July 2012.

Mayor Pedersen thanked him for coming to the meeting.

Council member Dillan offered Resolution No. 11 – 08 and moved for its adoption, second by Johnson

RESOLUTION NO. 11 – 08

RESOLUTION GIVING PRELIMINARY APPROVAL TO REVENUE BONDS AND SETTING A HEARING ON THE HOUSING PROGRAM

(entire text appears in Resolution)

Lerud said the city has received a request from the City of Princeton, that we use a portion of our annual allocation to allow Elim Home to access state funds to make improvements to their facility in Princeton. Princeton has already used their allocation this year. Lerud said he did not anticipate any similar project happening in Milaca by the non-profit companies that can access the funds. These bonds are not an obligation of the City. Lerud said the city's bond counsel has reviewed the documents and they are found in order. He said the public hearing would be held at the April meeting.

Unanimous consent.

Council member Dillan offered Resolution No. 11 – 09 and moved for its adoption, second by Muller

RESOLUTION NO. 11 – 09

RESOLUTION APPROVING INTERIM USE PERMIT

(entire text appears in Resolution book)

Unanimous consent.

Council member Bekius said there was no planning commission meeting last month.

Lerud said the economic development commission minutes from the February meeting were in the agenda packet, and the March meeting will be held tomorrow morning.

Council member Muller said the airport commission minutes were in the agenda packet. He said he spoke with the Superintendent and there are no funds for an aviation program. He said the skydiving business has a new bill board on Highway 169.

Mayor Pedersen the parks commission has been working on Rec Fest. He said they will hear a final word on the grant applications in April, and then be able to sign performers after that date.

Council member Dillan said the Downtown Initiative group met last night. He said the walkway will be completed this Spring and he will be meeting with Greg Moyer to get final approval in the placement of trees and other things. Dillan said there is a group working on the walking routes around the city, and they will be trying to focus the routes through or near downtown. He said they still have to work on the Fairview grant portion in Rec Park. Dillan said the group came up with a format and a list of what they believe the Milaca Arts Council will need to be successful in finding a new home. Finally, he said they are looking at bringing in an urban designer to come up with a more specific, formal plan for street scape, so as not to be doing any work haphazardly.

Mayor Pedersen said the Rum River Community Foundation continues to move forward. They have received approval from the Initiative Foundation, and will be at the Business Expo on March 26 with a brochure and fact sheet. He said the Soup with the Mayor event will be on April 5 from 4-7, with the site to be determined.

Mayor Pedersen called for council comments. There were none.

With no other business a motion to adjourn was made by Bekius, second by Dillan, all voted in favor and the meeting adjourned at 7:20 p.m.

Mayor Harold Pedersen

ATTEST

Greg Lerud, City Manager

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MARCH 2011

Check Amt Invoice Comment

10100 General Bank

Paid Chk# 811054E 3/22/2011 CENTERPOINT ENERGY					
E 208-49010-381	Utilities	\$330.02	5813915		NATURAL GAS-SR CENTER
E 101-45600-381	Utilities	\$292.96	5817670		NATURAL GAS-HISTORICAL SOCIETY
E 101-43000-381	Utilities	\$1,503.06	5826633		NATURAL GAS-PW
E 101-41940-381	Utilities	\$354.78	5831068		NATURAL GAS-CITY HALL
E 101-42280-381	Utilities	\$430.37	6122593		NATURAL GAS-FIRE
E 602-49400-381	Utilities	\$317.22	6672186		NATURAL GAS-WATER TRMT
E 101-45500-381	Utilities	\$507.01	7142283		NATURAL GAS-LIBRARY
Total CENTERPOINT ENERGY		\$3,735.42			

Paid Chk# 811055E 3/7/2011 EAST CENTRAL ENERGY					
E 603-49450-381	Utilities	\$42.00	201875902		ELECTRIC
E 603-49450-381	Utilities	\$78.04	203981301		ELECTRIC
E 101-43000-380	Street Lights	\$2,696.24	204619700		ELECTRIC
E 101-45200-381	Utilities	\$26.72	205400900		ELECTRIC
E 602-49400-381	Utilities	\$1,323.03	206041500		ELECTRIC
E 101-45500-381	Utilities	\$682.94	206085200		ELECTRIC
E 602-49400-381	Utilities	\$742.20	206734200		ELECTRIC
E 101-45200-381	Utilities	\$26.72	5379600		ELECTRIC
E 101-49810-381	Utilities	\$318.34	5448100		ELECTRIC
E 101-42110-437	Other Miscellaneous	\$59.36	6302100		ELECTRIC
E 603-49450-381	Utilities	\$83.15	6678100		ELECTRIC
E 101-42280-381	Utilities	\$920.40	6751501		ELECTRIC
E 101-42280-381	Utilities	\$656.38	7546001		ELECTRIC
E 101-41940-381	Utilities	\$933.36	8145502		ELECTRIC
E 101-49810-381	Utilities	\$61.09	830700		ELECTRIC
E 101-49810-381	Utilities	\$100.02	831000		ELECTRIC
E 101-43000-380	Street Lights	\$256.49	831300		ELECTRIC
E 101-43000-381	Utilities	\$561.53	831500		ELECTRIC
E 603-49450-381	Utilities	\$593.94	832000		ELECTRIC
E 602-49400-381	Utilities	\$288.12	832100		ELECTRIC
E 101-45600-381	Utilities	\$149.87	832400		ELECTRIC
E 603-49450-381	Utilities	\$81.56	832500		ELECTRIC
E 603-49450-381	Utilities	\$123.93	832600		ELECTRIC
E 602-49400-381	Utilities	\$928.65	833100		ELECTRIC
E 602-49400-381	Utilities	\$144.67	833300		ELECTRIC
E 101-45200-381	Utilities	\$26.72	833400		ELECTRIC
E 101-45200-381	Utilities	\$26.72	833600		ELECTRIC
E 208-49010-381	Utilities	\$161.77	9084202		ELECTRIC
E 602-49400-381	Utilities	\$305.18	970110800		ELECTRIC
E 101-42110-437	Other Miscellaneous	\$28.82	97017300		ELECTRIC
Total EAST CENTRAL ENERGY		\$12,427.96			

Paid Chk# 811056E 3/15/2011 MILACA LOCAL LINK					
E 619-49900-321	Telephone	\$98.83	320-982-1099		PHONE SERVICE-DEP REG
E 101-45500-321	Telephone	\$39.15	320-982-1549		ALARM LINE - LIBRARY
E 101-42280-321	Telephone	\$89.35	320-982-3465		PHONE SERVICE-FIRE
Total MILACA LOCAL LINK		\$227.33			

Paid Chk# 811057E 3/11/2011 UNION SECURITY INSURANCE CO.					
G 101-21707	Disability	\$336.95	4022335-0-1		LTD-MARCH 2011
Total UNION SECURITY INSURANCE CO.		\$336.95			

Paid Chk# 811058E 3/31/2011 INCONTACT INC					
E 101-42280-321	Telephone	\$8.61	4020342		LONG DISTANCE SERVICE-FIRE
E 101-41940-321	Telephone	\$41.94	4020370		LONG DISTANCE SERVICE-CITY HALL
E 101-43000-321	Telephone	\$11.13	4020375		LONG DISTANCE SERVICE-PW

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MARCH 2011

	Check Amt	Invoice	Comment
E 101-42110-321 Telephone	\$56.90	4021370	LONG DISTANCE SERVICE-PD
E 619-49900-321 Telephone	\$3.79	4021396	LONG DISTANCE SERVICE-DEP REG
E 101-41940-321 Telephone	\$8.25	4021397	LONG DISTANCE SERVICE-LIQUOR
E 602-49400-321 Telephone	\$0.24	4021432	LONG DISTANCE SERVICE-WATER
E 101-45200-321 Telephone	\$10.19	4580547	LONG DISTANCE SERVICE-PARKS
Total INCONTACT INC	\$141.05		
10100 General Bank	\$16,868.71		

Fund Summary

10100 General Bank	
101 GENERAL FUND	\$11,222.37
208 CHARITABLE GAMBLING FUND	\$491.79
602 WATER FUND	\$4,049.31
603 SEWER FUND	\$1,002.62
619 DEPUTY REGISTRAR FUND	\$102.62
	\$16,868.71

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APRIL 2011

Check Amt Invoice Comment

10100 General Bank

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 037586 4/18/2011 FRONTIER					
E 602-49400-321	Telephone		\$1.92	983-0121	PHONE SVC-WATER
E 101-49810-321	Telephone		\$49.46	983-2648	PHONE SVC-AIRPORT
E 101-45500-321	Telephone		\$16.20	983-3141	PHONE SVC-LIBRARY
E 101-41940-321	Telephone		\$187.49	983-3141	PHONE SVC-CITY HALL
E 101-41940-321	Telephone		\$47.94	983-3142	PHONE SVC-CITY HALL
E 619-49900-321	Telephone		\$90.06	983-3143	PHONE SVC-DEP REG
E 101-42280-321	Telephone		\$48.24	983-3465	PHONE SVC-FIRE
E 101-45200-321	Telephone		\$44.65	983-5729	PHONE SVC-PARKS
E 602-49400-321	Telephone		\$143.59	983-6134	PHONE SVC-WATER
E 101-42110-321	Telephone		\$94.38	983-6166	PHONE SVC-POLICE
E 101-45200-321	Telephone		(\$30.33)	983-6241	PHONE SVC-WARMING HSE
E 101-43000-321	Telephone		\$101.34	983-6547	PHONE SVC-PW
Total FRONTIER			\$794.94		
Paid Chk# 037587 4/18/2011 SPRINT PCS					
E 101-43000-321	Telephone		\$33.28	613620816	APRIL CELL SERVICE
E 101-45200-321	Telephone		\$33.28	613620816	APRIL CELL SERVICE
E 101-42280-321	Telephone		\$33.28	613620816	APRIL CELL SERVICE
Total SPRINT PCS			\$99.84		
Paid Chk# 037588 4/18/2011 ALEX AIR APPARATUS, INC.					
E 101-42280-221	Equipment Parts/Repairs		\$80.87	19533	RELIEF VALVE-FIRE DEPT
Total ALEX AIR APPARATUS, INC.			\$80.87		
Paid Chk# 037589 4/18/2011 ALL STATE COMMUNICATIONS					
E 101-41940-309	EDP, Software and Design		\$800.00	60037-2	MARCH NETWORK
E 101-42110-309	EDP, Software and Design		\$135.00	60037-3	PC ENFORCE WORK
Total ALL STATE COMMUNICATIONS			\$935.00		
Paid Chk# 037590 4/18/2011 AMERICAN LEGAL PUBLISHING CORP					
E 101-41940-310	Other Professional Services		\$290.00	80095	INTERNET SUPPLEMENT
Total AMERICAN LEGAL PUBLISHING CORP			\$290.00		
Paid Chk# 037591 4/18/2011 AMERIPRIDE					
E 101-45500-310	Other Professional Services		\$21.59	2200088198	RUGS-LIBRARY
E 101-41940-310	Other Professional Services		\$7.74	2200088199	RUGS-CITY HALL
E 619-49900-310	Other Professional Services		\$16.95	2200088199	RUGS-DEP REG
E 101-45500-310	Other Professional Services		\$21.59	2200093346	RUGS-LIBRARY
E 619-49900-310	Other Professional Services		\$16.95	2200093347	RUGS-DEP REG
E 101-41940-310	Other Professional Services		\$7.74	2200093347	RUGS-CITY HALL
Total AMERIPRIDE			\$92.56		
Paid Chk# 037592 4/18/2011 BILLINGS SERVICE					
E 101-45200-212	Auto Expense (Fuel/Repair)		\$213.01		GAS-PARKS
E 101-42280-212	Auto Expense (Fuel/Repair)		\$482.42		GAS-FIRE
E 101-43000-212	Auto Expense (Fuel/Repair)		\$1,162.21		GAS-PW
Total BILLINGS SERVICE			\$1,857.64		
Paid Chk# 037593 4/18/2011 CENTRAL MN INITIATIVE FUND					
E 101-49200-450	Unallocated		\$8,575.00	KR03302100	TRNS BANDSHELL DONATIONS TO RUM RIVER COMM FD
Total CENTRAL MN INITIATIVE FUND			\$8,575.00		
Paid Chk# 037594 4/18/2011 CORNER MART					
E 101-45200-212	Auto Expense (Fuel/Repair)		\$204.95		GAS-PARKS
E 603-49450-212	Auto Expense (Fuel/Repair)		\$27.04		GAS-SEWER

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			Check Amt	Invoice	Comment
E 700-50000-212	Auto Expense (Fuel/Repair)		\$156.00		GAS-JP
E 101-43000-212	Auto Expense (Fuel/Repair)		\$713.35		GAS-PW
E 101-42110-212	Auto Expense (Fuel/Repair)		\$973.54		GAS-POLICE
E 208-49020-406	Trail Maintenance		\$23.20		GAS-TRAILS
E 602-49400-212	Auto Expense (Fuel/Repair)		\$122.01		GAS-WATER
Total CORNER MART			\$2,220.09		
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Paid Chk# 037595	4/18/2011	DIRECT SALES			
E 603-49450-217	Other Operating Supplies		\$248.50	031811-04	SUPPLIES
E 602-49400-217	Other Operating Supplies		\$248.50	031811-04	SUPPLIES
Total DIRECT SALES			\$497.00		
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Paid Chk# 037596	4/18/2011	DOVE FRET LAND & VAN VALKENBURG			
E 101-41610-304	Legal Fees		\$876.68	58732	CIVIL RETAINER-MARCH
E 101-41610-304	Legal Fees		\$3,108.30	58733	CRIMINAL RETAINER-MARCH
E 200-46500-310	Other Professional Services		\$48.21	58735	HAZ PROPERTY-625 CENTRAL
Total DOVE FRET LAND & VAN VALKENBURG			\$4,033.19		
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Paid Chk# 037597	4/18/2011	E.C.M. PUBLISHERS, INC.			
E 211-49000-343	Other Advertising		\$20.00	100841	SOUP WITH MAYOR AD-HCP
E 211-49000-343	Other Advertising		\$31.00	228028	SOUP WITH MAYOR AD-HCP
Total E.C.M. PUBLISHERS, INC.			\$51.00		
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Paid Chk# 037598	4/18/2011	EAGLE CONSTRUCTION CO. INC.			
E 603-49450-310	Other Professional Services		\$5,035.00	PAY REQ#1	MAIN LIFT STATION IMPROVEMENTS
Total EAGLE CONSTRUCTION CO. INC.			\$5,035.00		
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Paid Chk# 037599	4/18/2011	EGGENS BULK SERVICE			
E 101-43000-381	Utilities		\$24.00	PROP	PROPANE-PW
Total EGGENS BULK SERVICE			\$24.00		
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Paid Chk# 037600	4/18/2011	EMERGENCY MEDICAL PRODUCTS			
E 101-42280-221	Equipment Parts/Repairs		\$153.69	1358891	RADIO BATTERIES
Total EMERGENCY MEDICAL PRODUCTS			\$153.69		
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Paid Chk# 037601	4/18/2011	GERADS, JESSE			
E 101-42280-208	Training and Travel		\$155.20		LEADERSHIP II-BRAINERD-4/9-10
Total GERADS, JESSE			\$155.20		
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Paid Chk# 037602	4/18/2011	GOPHER STATE ONE CALL			
E 602-49400-310	Other Professional Services		\$23.40	10359	LOCATES-MARCH
Total GOPHER STATE ONE CALL			\$23.40		
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Paid Chk# 037603	4/18/2011	GRAINGER			
E 208-49010-437	Other Miscellaneous		\$63.57	9493929104	FURNACE IGNITOR-SR CTR
E 101-43000-217	Other Operating Supplies		\$85.80	9499982164	LIGHT BULBS-PW
E 101-43000-217	Other Operating Supplies		\$35.76	9500861365	LIGHT BULBS-PW
Total GRAINGER			\$185.13		
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Paid Chk# 037604	4/18/2011	GRANITE ELECTRONICS			
E 602-49400-226	Radio Repair		\$514.88	061780	INSTALL RADIO SCANNER
E 101-42280-226	Radio Repair		\$36.95	240314	RADIO REPAIR
Total GRANITE ELECTRONICS			\$551.83		
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Paid Chk# 037605	4/18/2011	H & L MESABI			
E 101-43000-221	Equipment Parts/Repairs		\$649.45	82881	PLOW PARTS-PW
Total H & L MESABI			\$649.45		
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Paid Chk# 037606	4/18/2011	HARDY AUTO PARTS			

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			Check Amt	Invoice	Comment
E 101-43000-221	Equipment Parts/Repairs		\$10.89	073815	PARTS-PW
	Total HARDY AUTO PARTS		\$10.89		
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Paid Chk# 037607	4/18/2011	HARTMAN, PAMELA			
E 619-49900-208	Training and Travel		\$45.95		DL REVIEW TRNG-4/12
	Total HARTMAN, PAMELA		\$45.95		
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Paid Chk# 037608	4/18/2011	HAWKINS, INC.			
E 602-49400-216	Chemicals and Chem Products		\$2,795.73	3203851	CHEMICALS
	Total HAWKINS, INC.		\$2,795.73		
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Paid Chk# 037609	4/18/2011	HENCHEN, KANDACE			
E 619-49900-208	Training and Travel		\$9.01		DL REVIEW TRNG-4/12
	Total HENCHEN, KANDACE		\$9.01		
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Paid Chk# 037610	4/18/2011	K.E.E.P.R.S.			
E 101-42110-434	Uniforms		\$87.98	159147	UNIFORM-QUAINTANCE
E 101-42110-434	Uniforms		\$271.78	159147-01	UNIFORM-QUAINTANCE
E 101-42110-434	Uniforms		\$277.85	159147-02	UNIFORM-QUAINTANCE
	Total K.E.E.P.R.S.		\$637.61		
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Paid Chk# 037611	4/18/2011	KDV TECHNOLOGY AND CONSULTING			
E 101-41940-309	EDP, Software and Design		\$50.40	7564	MARCH EMAIL FILTERING
	Total KDV TECHNOLOGY AND CONSULTING		\$50.40		
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Paid Chk# 037612	4/18/2011	KOCH'S HARDWARE HANK			
E 603-49450-217	Other Operating Supplies		\$4.46		KEY-SEWER
E 101-45200-221	Equipment Parts/Repairs		\$10.64		ATV PARTS-PARKS
E 101-45200-401	Repairs/Maint Buildings		\$50.39		SHOP ELECTRIC-PARKS
E 101-45200-240	Small Tools and Minor Equip		\$27.53		DRILL BIT EXT/WOOD SPADE-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$30.11		PARTS-PARKS
E 101-45200-215	Shop Supplies		\$549.92		SHOP SUPPLIES-PARKS
E 101-43000-240	Small Tools and Minor Equip		\$41.13		WELDING ROD/BROOM-PW
E 101-43000-215	Shop Supplies		\$66.09		SHOP SUPPLIES-PW
E 602-49400-217	Other Operating Supplies		\$78.26		SUPPLIES-WATER
E 101-45500-217	Other Operating Supplies		\$46.65		SUPPLIES-LIBRARY
E 101-41940-240	Small Tools and Minor Equip		\$36.33		ENTRANCE ALARM-CITY
E 101-41940-217	Other Operating Supplies		\$13.46		SUPPLIES-CITY
E 101-42280-240	Small Tools and Minor Equip		\$25.00		WELDING GLOVES/METAL BLADE-FIRE
E 101-45200-401	Repairs/Maint Buildings		\$156.00		PAINT-SHOP CEILING-PARKS
	Total KOCH'S HARDWARE HANK		\$1,135.97		
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Paid Chk# 037613	4/18/2011	LEAGUE OF MINNESOTA CITIES			
E 101-41940-433	Dues and Subscriptions		\$54.61		2011 DIRECTORY
	Total LEAGUE OF MINNESOTA CITIES		\$54.61		
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Paid Chk# 037614	4/18/2011	LIGHTHOUSE PRINTING			
E 101-42110-201	Accessories (paper, pens, etc)		\$105.81	11541	LETTERHEAD-POLICE
	Total LIGHTHOUSE PRINTING		\$105.81		
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Paid Chk# 037615	4/18/2011	LITTLE FALLS MACHINE, INC.			
E 101-43000-221	Equipment Parts/Repairs		\$49.71	46823	PARTS-PW
	Total LITTLE FALLS MACHINE, INC.		\$49.71		
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Paid Chk# 037616	4/18/2011	M.E. PLUMBING & HEATING			
E 101-41940-401	Repairs/Maint Buildings		\$371.00	31324	FURNACE REPAIR-CITY
	Total M.E. PLUMBING & HEATING		\$371.00		
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Paid Chk# 037617	4/18/2011	MASYS CORP			

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APRIL 2011

			Check Amt	Invoice	Comment
E 101-42110-309	EDP, Software and Design		\$1,500.00	3637	PROGRAM SUPPORT
Total MASYS CORP			\$1,500.00		
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Paid Chk# 037618	4/18/2011	MEYER'S MILACA BTB			
E 101-45200-221	Equipment Parts/Repairs		\$19.84	2071	ATV PARTS-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$225.84	2071	MOWER PARTS-PARKS
E 101-45200-215	Shop Supplies		\$51.55	2071	SHOP SUPPLIES-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$33.68	2071	PLOW PARTS-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$124.86	2071	PARTS-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$9.66	2071	SKIDSTEER PARTS-PARKS
Total MEYER'S MILACA BTB			\$465.43		
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Paid Chk# 037619	4/18/2011	MILACA AUTO VALUE			
E 101-45200-221	Equipment Parts/Repairs		\$3.20	1302823	BLOWER PARTS-PARKS
E 101-43000-221	Equipment Parts/Repairs		\$5.88	1302823	SWEEPER PARTS-PW
E 101-43000-221	Equipment Parts/Repairs		\$7.50	1302823	2006 TRUCK PARTS-PW
E 101-43000-221	Equipment Parts/Repairs		\$25.31	1302823	STERLING SNOW PLOW PARTS-PW
E 101-43000-221	Equipment Parts/Repairs		\$111.69	1302823	PARTS-PW
E 101-45200-215	Shop Supplies		\$11.75	1302823	SHOP SUPPLIES-PARKS
Total MILACA AUTO VALUE			\$165.33		
<hr/>					
Paid Chk# 037620	4/18/2011	MILACA COPY FAST			
E 211-49000-437	Other Miscellaneous		\$134.66	24	RUM RIVER COMM FOUNDATION-COLOR COPIES
Total MILACA COPY FAST			\$134.66		
<hr/>					
Paid Chk# 037621	4/18/2011	MILACA LAWN & GARDEN			
E 101-45200-221	Equipment Parts/Repairs		\$38.48	315001	MUFFLER-PARKS
E 101-45200-221	Equipment Parts/Repairs		\$4.30	316093	BAND BRAKE-PARKS
Total MILACA LAWN & GARDEN			\$42.78		
<hr/>					
Paid Chk# 037622	4/18/2011	MILACA, CITY OF			
E 603-49450-530	Improv Other Than Bldgs		\$3,012.19	11-005	BLDG PERMIT-MAIN LIFT STATION IMPR
E 101-42280-437	Other Miscellaneous		\$55.00	11-010	BLDG PERMIT-NEW SINK-FIRE
Total MILACA, CITY OF			\$3,067.19		
<hr/>					
Paid Chk# 037623	4/18/2011	MILLE LACS CO. AUDITOR			
E 101-49200-450	Unallocated		\$38.00		2011 SOLID WASTE FEE
E 200-46500-437	Other Miscellaneous		\$2,180.00		HWY 169 IND PARK
E 200-46500-437	Other Miscellaneous		\$7,644.00		HWY 169 PHASE 2 IND PARK
Total MILLE LACS CO. AUDITOR			\$9,862.00		
<hr/>					
Paid Chk# 037624	4/18/2011	MILLER, PATTI			
E 101-49910-208	Training and Travel		\$113.49		MAR 11 OGILVIE MILEAGE
Total MILLER, PATTI			\$113.49		
<hr/>					
Paid Chk# 037625	4/18/2011	MN COPY SYSTEMS, INC.			
E 619-49900-310	Other Professional Services		\$72.80	67103	COPIER MAINTENANCE-DEP REG
E 101-41940-310	Other Professional Services		\$139.62	67103	COPIER MAINTENANCE-CITY
Total MN COPY SYSTEMS, INC.			\$212.42		
<hr/>					
Paid Chk# 037626	4/18/2011	MN FIRE SERVICE CERTIFICATION			
E 101-42280-433	Dues and Subscriptions		\$20.00		TILLOTSON RECERTIFICATION
E 101-42280-208	Training and Travel		\$75.00	839	CERTIFICATION EXAM-WELLER
E 101-42280-208	Training and Travel		\$75.00	839	CERTIFICATION EXAM-LARSON
E 101-42280-208	Training and Travel		\$75.00	839	CERTIFICATION EXAM-GERADS
E 101-42280-208	Training and Travel		\$75.00	839	CERTIFICATION EXAM-ZIEGLER
E 101-42280-208	Training and Travel		\$75.00	839	CERTIFICATION EXAM-BILLINGS
Total MN FIRE SERVICE CERTIFICATION			\$395.00		

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			Check Amt	Invoice	Comment
Paid Chk#	037627	4/18/2011	MN POLLUTION CONTROL AGENCY		
E	603-49450-433	Dues and Subscriptions	\$23.00	D186292	J ARCHIBALD-CLASS D LICENSE
Total	MN POLLUTION CONTROL AGENCY		\$23.00		
Paid Chk#	037628	4/18/2011	MN VALLEY TESTING LABS		
E	602-49400-310	Other Professional Services	\$71.00	540168	TESTING
Total	MN VALLEY TESTING LABS		\$71.00		
Paid Chk#	037629	4/18/2011	MOTOROLA		
E	101-42280-226	Radio Repair	\$33.67	90593635	RADIO BATTERIES-FIRE
Total	MOTOROLA		\$33.67		
Paid Chk#	037630	4/18/2011	NORTH STAR GARAGE		
E	101-43000-212	Auto Expense (Fuel/Repair)	\$297.38	118594	99 DODGE REPAIR-PW
Total	NORTH STAR GARAGE		\$297.38		
Paid Chk#	037631	4/18/2011	NORTHEAST TECHNICAL SERVICES		
E	603-49450-310	Other Professional Services	\$64.30	1101214	TESTING
Total	NORTHEAST TECHNICAL SERVICES		\$64.30		
Paid Chk#	037632	4/18/2011	NORTHLAND FIRE PROTECTION		
E	101-45500-310	Other Professional Services	\$35.00	85106	FIRE EXTINGUISHER-LIBRARY
E	101-45600-310	Other Professional Services	\$25.00	85107	FIRE EXTINGUISHER-MUSEUM
E	602-49400-310	Other Professional Services	\$30.00	85108	FIRE EXTINGUISHER-WATER
E	208-49010-310	Other Professional Services	\$20.00	85109	FIRE EXTINGUISHER-SR CTR
E	101-42110-310	Other Professional Services	\$85.37	85111	FIRE EXTINGUISHER-POLICE
E	101-41940-310	Other Professional Services	\$30.00	85112	FIRE EXTINGUISHER-CITY HALL
E	101-49810-310	Other Professional Services	\$30.00	85113	FIRE EXTINGUISHER-AIRPORT
E	101-42280-310	Other Professional Services	\$200.87	85213	FIRE EXTINGUISHER-FIRE
E	101-45200-310	Other Professional Services	\$170.70	85214	FIRE EXTINGUISHER-PARKS
E	101-43000-310	Other Professional Services	\$279.07	85215	FIRE EXTINGUISHER-PW
Total	NORTHLAND FIRE PROTECTION		\$906.01		
Paid Chk#	037633	4/18/2011	P.O.S.T. BOARD		
E	101-42110-437	Other Miscellaneous	\$90.00	16681	POST LICENSE-HALBERG
E	101-42110-437	Other Miscellaneous	\$90.00	17832	POST LICENSE-MINKS
Total	P.O.S.T. BOARD		\$180.00		
Paid Chk#	037634	4/18/2011	PHOENIX HOTEL & BANQUET CTR		
E	211-49000-437	Other Miscellaneous	\$533.00		SOUP WITH THE MAYOR-HCP
Total	PHOENIX HOTEL & BANQUET CTR		\$533.00		
Paid Chk#	037635	4/18/2011	PRAHL, DARLENE		
E	619-49900-208	Training and Travel	\$11.99		DL REVIEW TRNG-4/12
Total	PRAHL, DARLENE		\$11.99		
Paid Chk#	037636	4/18/2011	PRO EDGE TOOL		
E	101-45200-221	Equipment Parts/Repairs	\$11.88	19401	FILTER-PARKS
Total	PRO EDGE TOOL		\$11.88		
Paid Chk#	037637	4/18/2011	QUILL CORPORATION		
E	101-41940-201	Accessories (paper, pens, etc)	\$86.81	3168876	SUPPLIES-CITY
E	101-42110-201	Accessories (paper, pens, etc)	\$127.82	3318943	SUPPLIES-POLICE
E	101-45200-215	Shop Supplies	\$125.02	3445396	TOILET PAPER-PARKS
E	101-41940-217	Other Operating Supplies	\$62.51	3445396	TOILET PAPER-CITY
E	607-42400-201	Accessories (paper, pens, etc)	\$313.22	3506648	PRINTER TONER-B&Z
E	602-49400-201	Accessories (paper, pens, etc)	\$47.77	3506648	PRINTER TONER-WATER
E	603-49450-201	Accessories (paper, pens, etc)	\$47.77	3506648	PRINTER TONER-SEWER

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			Check Amt	Invoice	Comment
E 101-43000-215	Shop Supplies		\$236.48	3506648	TOILET PAPER/PAPER TOWELS-PW
E 101-41940-240	Small Tools and Minor Equip		\$63.47	3568961	PAPER CUTTER-CITY
Total QUILL CORPORATION			\$1,110.87		
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Paid Chk# 037638	4/18/2011	SOUTH CENTRAL TECHNICAL			
E 101-42280-208	Training and Travel		\$250.00	99085	2011 STATE FIRE SCHOOL (3)
Total SOUTH CENTRAL TECHNICAL			\$250.00		
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Paid Chk# 037639	4/18/2011	ST. CLOUD OVERHEAD DOOR CO.			
E 101-42110-437	Other Miscellaneous		\$200.61	108735	GARAGE DOOR REPAIR-PD
Total ST. CLOUD OVERHEAD DOOR CO.			\$200.61		
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Paid Chk# 037640	4/18/2011	ST. CROIX VALLEY FIRE FIGHTERS			
E 101-42280-433	Dues and Subscriptions		\$200.00		2011 MEMBERSHIP DUES
Total ST. CROIX VALLEY FIRE FIGHTERS			\$200.00		
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Paid Chk# 037641	4/18/2011	SUE'S BUS SERVICE			
E 207-49000-437	Other Miscellaneous		\$50.00	92809	DARE SKI TRIP
Total SUE'S BUS SERVICE			\$50.00		
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Paid Chk# 037642	4/18/2011	TEALS MARKET			
E 101-42280-217	Other Operating Supplies		\$5.00	2000271146	HAND SANITIZER-FIRE DEPT
Total TEALS MARKET			\$5.00		
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Paid Chk# 037643	4/18/2011	TIMMER IMPLEMENT			
E 603-49450-221	Equipment Parts/Repairs		\$19.24	279258	PARTS-SEWER
Total TIMMER IMPLEMENT			\$19.24		
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Paid Chk# 037644	4/18/2011	VERIZON WIRELESS			
E 602-49400-321	Telephone		\$26.02	2556606856	APRIL WIRELESS ROUTER SVC
E 101-42110-321	Telephone		\$52.04	2556606856	APRIL WIRELESS ROUTER SVC
Total VERIZON WIRELESS			\$78.06		
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Paid Chk# 037645	4/18/2011	VOLUNTEER FIREMEN'S BENEFIT			
E 101-42280-433	Dues and Subscriptions		\$126.00		2011 MEMBERSHIP
Total VOLUNTEER FIREMEN'S BENEFIT			\$126.00		
10100 General Bank			\$51,701.83		

Fund Summary

10100 General Bank	
101 GENERAL FUND	\$27,636.68
200 ECONOMIC DEV. FUND	\$9,872.21
207 DARE FUND	\$50.00
208 CHARITABLE GAMBLING FUND	\$106.77
211 INITIATIVE FOUNDATION	\$718.66
602 WATER FUND	\$4,103.08
603 SEWER FUND	\$8,481.50
607 BLDG INSPECTION FUND	\$313.22
619 DEPUTY REGISTRAR FUND	\$263.71
700 BRAHAM-MILACA JOINT POWERS	\$156.00
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	\$51,701.83

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MARCH 2011

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10100 General Bank

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 037512 3/8/2011 JIM'S MILLE LACS DISPOSAL					
E 101-45200-384		Refuse/Garbage Disposal	\$36.95	211948	GARBAGE-PARKS
E 101-43000-384		Refuse/Garbage Disposal	\$85.69	211948	GARBAGE-CITY
E 101-42280-384		Refuse/Garbage Disposal	\$25.00	211948	GARBAGE-FIRE
E 101-43000-311		Snow Removal	\$1,785.00	302877	SNOW REMOVAL-FEB
Total JIM'S MILLE LACS DISPOSAL			\$1,932.64		
Paid Chk# 037513 3/8/2011 MILACA BLDG CENTER					
E 602-49400-217		Other Operating Supplies	\$3.45		SUPPLIES-WATER
E 208-49010-437		Other Miscellaneous	\$1.24		SUPPLIES-SR CTR
E 101-43000-215		Shop Supplies	\$10.52		SHOP SUPPLIES-PW
E 101-49810-217		Other Operating Supplies	\$20.47		SUPPLIES-AIRPORT
Total MILACA BLDG CENTER			\$35.68		
Paid Chk# 037569 3/14/2011 DEPUTY REGISTRAR #093					
E 602-49400-437		Other Miscellaneous	\$872.24		2011 CHEVY SILVERADO
E 603-49450-437		Other Miscellaneous	\$872.24		2011 CHEVY SILVERADO
Total DEPUTY REGISTRAR #093			\$1,744.48		
Paid Chk# 037570 3/18/2011 CRYSTEEL TRUCK EQUIPMENT, INC.					
E 603-49450-580		Other Equipment	\$3,054.08	F29349	2011 CHEVY 2500 PLOW
E 602-49400-580		Other Equipment	\$3,054.07	F29349	2011 CHEVY 2500 PLOW
Total CRYSTEEL TRUCK EQUIPMENT, INC.			\$6,108.15		
Paid Chk# 037571 3/18/2011 MILLE LACS CO. RECORDER					
E 203-46400-447		Ringham 1st Addn	\$46.00		FIELDSTONE GREEN DEVELOPERS AGRMT
Total MILLE LACS CO. RECORDER			\$46.00		
Paid Chk# 037572 3/18/2011 THANE HAWKINS POLAR CHEVROLET					
E 603-49450-580		Other Equipment	\$13,096.00	BV262596	2011 CHEVY SILVERADO 2500 PKUP
E 602-49400-580		Other Equipment	\$13,096.00	BV262596	2011 CHEVY SILVERADO 2500 PKUP
Total THANE HAWKINS POLAR CHEVROLET			\$26,192.00		
Paid Chk# 037573 3/22/2011 BLUE CROSS BLUE SHIELD OF MINN					
G 101-21706		Medical Insur.	\$11,721.00	7S034-M0 4	MEDICAL INSUR-APRIL
Total BLUE CROSS BLUE SHIELD OF MINN			\$11,721.00		
Paid Chk# 037574 3/22/2011 KOENIG, TODD					
E 101-42280-208		Training and Travel	\$403.98		TACTICS/STRATEGIES-MANKATO-3/5-6
Total KOENIG, TODD			\$403.98		
Paid Chk# 037575 3/22/2011 L.E.L.S.					
G 101-21710		Union Dues	\$154.05	LOCAL #238	POLICE UNION DUES-APRIL
Total L.E.L.S.			\$154.05		
Paid Chk# 037576 3/22/2011 MN BENEFITS					
G 101-21712		Dental	\$159.32		LIFE/DENTAL-APRIL
G 101-21709		Life Insur.	\$179.19		LIFE/DENTAL-APRIL
Total MN BENEFITS			\$338.51		
Paid Chk# 037577 3/22/2011 SELECT ACCOUNT-HSA					
G 101-21705		Health Saving Account	\$12,525.00		2ND QTR CONTRIBUTIONS
Total SELECT ACCOUNT-HSA			\$12,525.00		
Paid Chk# 037578 3/22/2011 USABLE LIFE					
G 101-21707		Disability	\$211.15	101408001G	DISABILITY/LIFE-APRIL
Total USABLE LIFE			\$211.15		

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			Check Amt	Invoice	Comment
Paid Chk# 037579	3/22/2011	VERIZON WIRELESS			
E 602-49400-321	Telephone		\$26.02		MARCH WIRELESS ROUTER SVC
E 101-42110-321	Telephone		\$52.04		MARCH WIRELESS ROUTER SVC
	Total	VERIZON WIRELESS	\$78.06		
Paid Chk# 037580	3/22/2011	WELLER, GREGG			
E 101-45200-221	Equipment Parts/Repairs		\$55.19		WATERPUMP WHEEL-PARKS
E 101-42280-240	Small Tools and Minor Equip		\$115.82		DIGITAL CAMERA-FIRE DEPT
E 101-42280-208	Training and Travel		\$34.77		CHIEFS MTG-3/9
	Total	WELLER, GREGG	\$205.78		
Paid Chk# 037581	3/22/2011	ZARNOTH BRUSH WORKS, INC			
E 101-43000-221	Equipment Parts/Repairs		\$800.49	132191	ELGIN SWEEPER PARTS-PW
	Total	ZARNOTH BRUSH WORKS, INC	\$800.49		
Paid Chk# 037582	3/31/2011	METRO FIRE			
E 101-42280-305	Medical and Dental Fees		\$360.00	39972	QUANTITATIVE FIT TESTS (18)
E 101-42280-310	Other Professional Services		\$960.00	39972	SCBA FLOW TEST
E 101-42280-310	Other Professional Services		\$160.00	39972	FACEPIECES FLOW TEST
E 101-42280-310	Other Professional Services		\$75.00	39972	SERVICE WORK
	Total	METRO FIRE	\$1,555.00		
Paid Chk# 037583	3/31/2011	U.S. POSTMASTER			
E 602-49400-322	Postage		\$99.80		MARCH BILLINGS
E 603-49450-322	Postage		\$99.81		MARCH BILLINGS
	Total	U.S. POSTMASTER	\$199.61		
	10100 General Bank		\$64,251.58		

Fund Summary

10100 General Bank	
101 GENERAL FUND	\$29,930.63
203 RINGHAM 1ST-FIELDSTONE	\$46.00
208 CHARITABLE GAMBLING FUND	\$1.24
602 WATER FUND	\$17,151.58
603 SEWER FUND	\$17,122.13
	\$64,251.58

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10900 Liquor Bank

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
MILACA, CITY OF (WATER/SEWER)					
E 609-49750-381	3/15/2011	Utilities	\$26.54	01-00015990	WATER/SEWER
Total MILACA, CITY OF (WATER/SEWER)			\$26.54		
EAST CENTRAL ENERGY					
E 609-49750-381	3/7/2011	Utilities	\$1,866.82	7115200	ELECTRIC
Total EAST CENTRAL ENERGY			\$1,866.82		
CENTERPOINT ENERGY					
E 609-49750-381	3/15/2011	Utilities	\$728.73	128-000-782-1	NATURAL GAS
Total CENTERPOINT ENERGY			\$728.73		
MN DEPT OF REVENUE					
G 609-20800	3/15/2011	Sales Tax Payable	\$11,053.00	9576201	LIQUOR SALES TAX
Total MN DEPT OF REVENUE			\$11,053.00		
10900 Liquor Bank			\$13,675.09		

Fund Summary

10900 Liquor Bank	
609 MUNICIPAL LIQUOR FUND	\$13,675.09
	\$13,675.09

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10900 Liquor Bank

Paid Chk# 021769	4/21/2011	AMERICAN BOTTLING CO.			
E 609-49750-254	Mix/Non Alcoholic		\$116.60	2462603275	NA
		Total AMERICAN BOTTLING CO.	\$116.60		

Paid Chk# 021770	4/21/2011	AMERIPRIDE			
E 609-49750-310	Other Professional Services		\$68.27	2200085626	RUGS
E 609-49750-217	Other Operating Supplies		\$70.09	2200088203	PAPER TOWELS
E 609-49750-310	Other Professional Services		\$30.04	2200088203	RUGS
E 609-49750-310	Other Professional Services		\$68.41	2200090756	RUGS
E 609-49750-310	Other Professional Services		\$35.60	2200093352	RUGS
E 609-49750-310	Other Professional Services		\$68.27	2200095883	RUGS
E 609-49750-310	Other Professional Services		\$30.04	2200098448	RUGS
		Total AMERIPRIDE	\$370.72		

Paid Chk# 021771	4/21/2011	CRYSTAL SPRINGS ICE			
E 609-49750-259	Other For Resale		\$93.80	110334	ICE
		Total CRYSTAL SPRINGS ICE	\$93.80		

Paid Chk# 021772	4/21/2011	EXTREME BEVERAGES, LLC			
E 609-49750-254	Mix/Non Alcoholic		\$315.00	19517	NA
		Total EXTREME BEVERAGES, LLC	\$315.00		

Paid Chk# 021773	4/21/2011	GRANITE CITY JOBBING			
E 609-49750-259	Other For Resale		\$71.48	674902	MISC
E 609-49750-256	Tobacco Products For Resale		\$457.28	674902	TOBACCO
E 609-49750-333	Freight and Express		\$4.25	674902	DELIVERY
E 609-49750-259	Other For Resale		\$151.25	675580	MISC
E 609-49750-333	Freight and Express		\$4.25	675580	DELIVERY
E 609-49750-256	Tobacco Products For Resale		\$1,193.89	675641	TOBACCO
E 609-49750-217	Other Operating Supplies		\$6.45	675641	WATER FOR HUMIDOR
E 609-49750-259	Other For Resale		\$237.98	675641	MISC
E 609-49750-214	Liquor Store Paper Supplies		\$96.12	675641	PAPER SUPPLIES
E 609-49750-259	Other For Resale		\$15.00	676333	MISC
E 609-49750-333	Freight and Express		\$4.25	676333	DELIVERY
E 609-49750-256	Tobacco Products For Resale		\$924.80	676333	TOBACCO
E 609-49750-333	Freight and Express		\$4.25	677188	DELIVERY
E 609-49750-256	Tobacco Products For Resale		\$460.73	677188	TOBACCO
E 609-49750-259	Other For Resale		\$136.50	677188	MISC
E 609-49750-333	Freight and Express		\$4.25	677839	DELIVERY
E 609-49750-217	Other Operating Supplies		\$6.25	677839	WATER FOR HUMIDOR
E 609-49750-214	Liquor Store Paper Supplies		\$27.82	677839	PAPER SUPPLIES
E 609-49750-256	Tobacco Products For Resale		\$553.30	677839	TOBACCO
E 609-49750-259	Other For Resale		\$35.84	677839	MISC
		Total GRANITE CITY JOBBING	\$4,395.94		

Paid Chk# 021774	4/21/2011	KOCH'S HARDWARE HANK			
E 609-49750-217	Other Operating Supplies		\$77.29		SUPPLIES
		Total KOCH'S HARDWARE HANK	\$77.29		

Paid Chk# 021775	4/21/2011	M. AMUNDSON LLP			
E 609-49750-259	Other For Resale		\$141.40	104533	MISC
E 609-49750-256	Tobacco Products For Resale		\$277.58	104533	TOBACCO
E 609-49750-256	Tobacco Products For Resale		(\$11.00)	104582	TOBACCO
E 609-49750-256	Tobacco Products For Resale		\$198.94	104990	TOBACCO
E 609-49750-259	Other For Resale		\$26.55	104990	MISC
E 609-49750-256	Tobacco Products For Resale		\$379.10	105672	TOBACCO
E 609-49750-259	Other For Resale		\$210.66	105672	MISC

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			Check Amt	Invoice	Comment
E 609-49750-256	Tobacco Products For Resale		\$391.79	106060	TOBACCO
E 609-49750-259	Other For Resale		\$218.35	106060	MISC
E 609-49750-256	Tobacco Products For Resale		\$534.32	106555	TOBACCO
E 609-49750-259	Other For Resale		\$52.70	106555	MISC
Total M. AMUNDSON LLP			\$2,420.39		
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Paid Chk# 021776	4/21/2011	MILLE LACS CO. AUDITOR			
E 609-49750-437	Other Miscellaneous		\$2.00		2011 SOLID WASTE FEE
Total MILLE LACS CO. AUDITOR			\$2.00		
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Paid Chk# 021777	4/21/2011	MILLER TRUCKING			
E 609-49750-333	Freight and Express		\$152.40	2816	DELIVERY
Total MILLER TRUCKING			\$152.40		
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Paid Chk# 021778	4/21/2011	NORTHLAND FIRE PROTECTION			
E 609-49750-310	Other Professional Services		\$30.00	85110	FIRE EXTINGUISHERS-LIQUOR
Total NORTHLAND FIRE PROTECTION			\$30.00		
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Paid Chk# 021779	4/21/2011	QUILL CORPORATION			
E 609-49750-201	Accessories (paper, pens, etc)		\$37.67	3168876	OFFICE SUPPLIES
Total QUILL CORPORATION			\$37.67		
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Paid Chk# 021780	4/21/2011	SEGERSTROM, VICTORIA			
E 609-49750-208	Training and Travel		\$63.54		GRANITE CITY SHOW-4/6/11
E 609-49750-208	Training and Travel		\$69.77		DAHLHEIMER SHOW-4/7/11
E 609-49750-208	Training and Travel		\$71.78		SUNDAY SALES-STATE CAPITOL
Total SEGERSTROM, VICTORIA			\$205.09		
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Paid Chk# 021781	4/21/2011	SUNNY HILL DISTRIBUTORS			
E 609-49750-253	Wine For Resale		\$299.94	243381	WINE
E 609-49750-333	Freight and Express		\$9.50	243381	DELIVERY
E 609-49750-251	Liquor For Resale		\$155.09	243381	LIQUOR
Total SUNNY HILL DISTRIBUTORS			\$464.53		
<hr/>					
Paid Chk# 021782	4/21/2011	TOTAL REGISTER SYSTEMS, INC.			
E 609-49750-240	Small Tools and Minor Equip		\$422.16	26435	SCANNER
Total TOTAL REGISTER SYSTEMS, INC.			\$422.16		
<hr/>					
Paid Chk# 021783	4/21/2011	VIKING BOTTLING CO.			
E 609-49750-254	Mix/Non Alcoholic		\$174.25	25310630	NA
E 609-49750-254	Mix/Non Alcoholic		\$187.55	25310810	NA
Total VIKING BOTTLING CO.			\$361.80		
<hr/>					
Paid Chk# 021784	4/21/2011	WIRTZ BEVERAGE MN WINE & SPRTS			
E 609-49750-251	Liquor For Resale		\$6,917.40	550752	LIQUOR
E 609-49750-253	Wine For Resale		\$283.80	550752	WINE
E 609-49750-254	Mix/Non Alcoholic		\$39.95	550752	NA
E 609-49750-333	Freight and Express		\$102.00	550752	DELIVERY
E 609-49750-251	Liquor For Resale		\$883.98	551738	LIQUOR
E 609-49750-333	Freight and Express		\$12.00	551738	DELIVERY
E 609-49750-333	Freight and Express		(\$1.50)	827276	CREDIT-DELIVERY
E 609-49750-253	Wine For Resale		(\$60.00)	827276	CREDIT-WINE
Total WIRTZ BEVERAGE MN WINE & SPRTS			\$8,177.63		
10900 Liquor Bank			\$17,643.02		

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APRIL 2011

Check Amt Invoice Comment

Fund Summary

10900 Liquor Bank

609 MUNICIPAL LIQUOR FUND

\$17,643.02

\$17,643.02

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MARCH 2011

Check Amt Invoice Comment

10900 Liquor Bank

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021721	3/2/2011	BELLBOY CORP.			
E 609-49750-251		Liquor For Resale	\$2,026.50	56984600	LIQUOR
E 609-49750-254		Mix/Non Alcoholic	\$146.95	84815400	NA
Total BELLBOY CORP.			\$2,173.45		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021722	3/2/2011	BERNICKS			
E 609-49750-254		Mix/Non Alcoholic	\$40.92	127321	NA
E 609-49750-252		Beer For Resale	\$300.00	127322	BEER
E 609-49750-254		Mix/Non Alcoholic	\$39.50	129746	NA
E 609-49750-252		Beer For Resale	\$466.95	129747	BEER
E 609-49750-254		Mix/Non Alcoholic	\$22.50	132163	NA
E 609-49750-252		Beer For Resale	\$1,056.80	132164	BEER
E 609-49750-254		Mix/Non Alcoholic	\$76.25	134700	NA
E 609-49750-252		Beer For Resale	\$106.35	134701	BEER
E 609-49750-254		Mix/Non Alcoholic	\$27.40	73572	NA
Total BERNICKS			\$2,136.67		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021723	3/2/2011	C & L DISTRIBUTING CO.			
E 609-49750-252		Beer For Resale	\$10,370.75	275702	BEER
E 609-49750-260		Deposits	(\$30.00)	275702	DEPOSITS
E 609-49750-252		Beer For Resale	\$155.50	275703	BEER
E 609-49750-252		Beer For Resale	\$3,889.50	276517	BEER
E 609-49750-254		Mix/Non Alcoholic	\$100.50	276517	NA
E 609-49750-260		Deposits	(\$60.00)	276517	DEPOSITS
E 609-49750-254		Mix/Non Alcoholic	\$46.75	277320	NA
E 609-49750-252		Beer For Resale	\$2,672.25	277320	BEER
E 609-49750-252		Beer For Resale	\$6,518.50	278158	BEER
E 609-49750-254		Mix/Non Alcoholic	\$48.75	278158	NA
Total C & L DISTRIBUTING CO.			\$23,712.50		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021724	3/2/2011	DAHLHEIMER DISTRIBUTING CO.			
E 609-49750-252		Beer For Resale	\$3,412.60	37372	BEER
E 609-49750-252		Beer For Resale	\$1,200.00	37494	BEER
E 609-49750-260		Deposits	\$30.00	37755	DEPOSITS
E 609-49750-252		Beer For Resale	\$115.00	37755	BEER
E 609-49750-252		Beer For Resale	\$6,286.63	38141	BEER
E 609-49750-260		Deposits	(\$60.00)	38911	DEPOSITS
E 609-49750-252		Beer For Resale	\$5,440.45	38911	BEER
E 609-49750-252		Beer For Resale	\$12.00	39415	BEER
E 609-49750-254		Mix/Non Alcoholic	\$31.00	39687	NA
E 609-49750-252		Beer For Resale	\$3,820.84	39687	BEER
Total DAHLHEIMER DISTRIBUTING CO.			\$20,288.52		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021725	3/2/2011	FRONTIER			
E 609-49750-321		Telephone	\$103.81	320983625511	FEB PHONE SVC
Total FRONTIER			\$103.81		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021726	3/2/2011	J.J. TAYLOR DIST OF MN			
E 609-49750-252		Beer For Resale	(\$6.91)	1506655	CREDIT-BEER
E 609-49750-252		Beer For Resale	\$189.80	1511791	BEER
E 609-49750-333		Freight and Express	\$3.00	1511791	DELIVERY
Total J.J. TAYLOR DIST OF MN			\$185.89		

Paid Chk#	Date	Vendor	Check Amt	Invoice	Comment
Paid Chk# 021727	3/2/2011	JIM'S MILLE LACS DISPOSAL			
E 609-49750-384		Refuse/Garbage Disposal	\$72.54	219225	REFUSE COLLECTION
Total JIM'S MILLE LACS DISPOSAL			\$72.54		

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			Check Amt	Invoice	Comment
Paid Chk# 021728	3/2/2011	JOHNSON BROTHERS LIQUOR CO.			
E 609-49750-333	Freight and Express		\$1.57	1001647	DELIVERY
E 609-49750-253	Wine For Resale		\$43.40	1001647	WINE
E 609-49750-251	Liquor For Resale		\$839.86	1001648	LIQUOR
E 609-49750-333	Freight and Express		\$89.22	1001648	DELIVERY
E 609-49750-253	Wine For Resale		\$1,502.40	1001648	WINE
E 609-49750-253	Wine For Resale		\$462.59	1006053	WINE
E 609-49750-333	Freight and Express		\$86.49	1006053	DELIVERY
E 609-49750-254	Mix/Non Alcoholic		\$32.00	1006053	NA
E 609-49750-251	Liquor For Resale		\$3,373.29	1006053	LIQUOR
E 609-49750-259	Other For Resale		\$12.00	1997716	MISC
E 609-49750-333	Freight and Express		\$56.52	1997716	DELIVERY
E 609-49750-253	Wine For Resale		\$896.62	1997716	WINE
E 609-49750-251	Liquor For Resale		\$677.90	1997716	LIQUOR
Total JOHNSON BROTHERS LIQUOR CO.			\$8,073.86		
Paid Chk# 021729	3/2/2011	MINNESTALGIA WINERY			
E 609-49750-253	Wine For Resale		\$256.50	3693	WINE
Total MINNESTALGIA WINERY			\$256.50		
Paid Chk# 021730	3/2/2011	PAUSTIS & SONS			
E 609-49750-333	Freight and Express		\$2.50	8295046	DELIVERY
E 609-49750-253	Wine For Resale		\$336.00	8295046	WINE
E 609-49750-333	Freight and Express		\$13.75	8295050	DELIVERY
E 609-49750-253	Wine For Resale		\$794.60	8295050	WINE
Total PAUSTIS & SONS			\$1,146.85		
Paid Chk# 021731	3/2/2011	PHILLIPS WINE AND SPIRITS			
E 609-49750-333	Freight and Express		\$72.35	2027163	DELIVERY
E 609-49750-251	Liquor For Resale		\$1,814.20	2027163	LIQUOR
E 609-49750-253	Wine For Resale		\$845.30	2027163	WINE
E 609-49750-254	Mix/Non Alcoholic		\$130.00	2027163	NA
E 609-49750-251	Liquor For Resale		\$896.93	2030056	LIQUOR
E 609-49750-333	Freight and Express		\$15.70	2030056	DELIVERY
E 609-49750-253	Wine For Resale		\$284.65	2030056	WINE
E 609-49750-253	Wine For Resale		\$647.50	2033195	WINE
E 609-49750-251	Liquor For Resale		\$1,566.28	2033195	LIQUOR
E 609-49750-333	Freight and Express		\$44.88	2033195	DELIVERY
Total PHILLIPS WINE AND SPIRITS			\$6,317.79		
Paid Chk# 021732	3/2/2011	SOUTHERN WINE & SPIRITS OF MN			
E 609-49750-253	Wine For Resale		\$540.00	1492214	WINE
E 609-49750-333	Freight and Express		\$10.00	1492214	DELIVERY
Total SOUTHERN WINE & SPIRITS OF MN			\$550.00		
Paid Chk# 021733	3/2/2011	SUNNY HILL DISTRIBUTORS			
E 609-49750-333	Freight and Express		\$5.70	240292	DELIVERY
E 609-49750-251	Liquor For Resale		\$29.99	240292	LIQUOR
E 609-49750-253	Wine For Resale		\$167.00	240292	WINE
E 609-49750-253	Wine For Resale		\$295.25	241060	WINE
E 609-49750-333	Freight and Express		\$10.45	241060	DELIVERY
Total SUNNY HILL DISTRIBUTORS			\$508.39		
Paid Chk# 021734	3/2/2011	WIRTZ BEVERAGE MN WINE & SPRTS			
E 609-49750-251	Liquor For Resale		\$1,378.90	528214	LIQUOR
E 609-49750-253	Wine For Resale		\$377.70	528214	WINE
E 609-49750-333	Freight and Express		\$39.00	528214	DELIVERY
E 609-49750-254	Mix/Non Alcoholic		\$99.06	534566	NA

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		Check Amt	Invoice	Comment
E 609-49750-251	Liquor For Resale	\$7,405.82	534566	LIQUOR
E 609-49750-333	Freight and Express	\$132.00	534566	DELIVERY
E 609-49750-253	Wine For Resale	\$660.75	534566	WINE
E 609-49750-253	Wine For Resale	(\$41.95)	823422	CREDIT-WINE
E 609-49750-333	Freight and Express	(\$1.50)	823422	CREDIT-DELIVERY
otal WIRTZ BEVERAGE MN WINE & SPRTS		<u>\$10,049.78</u>		
	10900 Liquor Bank	\$75,576.55		

Fund Summary

10900 Liquor Bank	
609 MUNICIPAL LIQUOR FUND	<u>\$75,576.55</u>
	\$75,576.55

- Approve reserving \$25,000 of unreserved fund balance in the General Fund for seal coating.
- Approve closing the 2002 City Hall Revenue Bond fund, and transferring all remaining balances into the 2010 G.O. Bond Fund

LOAN AGREEMENT
BETWEEN
CITY OF MILACA, MINNESOTA
AND
ELIM HOMES, INC.

Dated as of April 1, 2011

Certain of the rights and the interest of the City of Milaca, Minnesota (the "City") in this Loan Agreement (other than the City's rights to payment of its fees and expenses and to indemnification) have been assigned to Bremer Bank, National Association, Minneapolis, Minnesota pursuant to an Assignment of Loan Agreement.

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THIS LOAN AGREEMENT, dated as of April 1, 2011, between CITY OF MILACA, MINNESOTA, a political subdivision under the laws of the State of Minnesota (the "City"), and ELIM HOMES, INC., a Minnesota nonprofit corporation (the "Corporation");

WITNESSETH:

WHEREAS, the City is authorized under the provisions of the Minnesota Statutes, Chapter 462C, as heretofore and hereafter amended (collectively, the "Act"), among other things, to issue revenue bonds, notes or other securities and loan the proceeds thereof pursuant to a loan agreement to one or more contracting parties (as defined in the Act) to be used to pay the cost of acquiring, by construction or purchase, land, buildings, improvements and equipment, or any interest therein, to be located within the City and to be suitable for use of any facility for an organization described in Section 501(c)(3) of the Internal Revenue Code, (the "Code") which is exempt from federal income tax under Section 501(a) of the Code (a "Tax Exempt Organization"), and to refund bonds issued pursuant to the Act; and

WHEREAS, pursuant to and in accordance with the provisions of the Act, at the request of the Corporation, a Tax Exempt Organization, the City agrees to issue its City of Milaca, Minnesota Revenue Note (Elim Homes, Inc.) Series 2011, in the principal amount of \$ _____ (the "Note"), and loan the proceeds thereof to the Corporation to be used to refinance the note that financed the construction and equipping of a 30 unit bed assisted living facility located at 104 South Eighth Avenue, Princeton, Minnesota, and pay for costs of issuance related to the Note; and

WHEREAS, the Note will be secured by a mortgage on and security interest in the Project, by an assignment of leases and rents, by an assignment of Loan Agreement and of the revenue to be derived by the City from this Loan Agreement and the Note, and the interest on the Note shall be payable solely from the revenues pledged therefor, and the Note shall not constitute a debt of the City within the meaning of any constitutional or statutory limitation, shall not constitute or give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers and shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City except the revenues received under this Loan Agreement; and

WHEREAS, the Corporation proposes to carry out the financing of the Project, and the City desires to finance the Project upon the terms and conditions as required by the Act and this Loan Agreement; and

WHEREAS, the execution, delivery and performance of this Loan Agreement have been duly authorized by a Resolution of the City adopted on April 21, 2011;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION

Section 1.1. Definitions. In this Loan Agreement the following terms have the following respective meanings unless the context hereof clearly requires otherwise:

Act: Minnesota Statutes, Chapter 462C, as amended;

Affiliate: any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation. For the purposes of this definition, “control” means the power to direct the management and policies, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing;

Annual Debt Service: with respect to any Fiscal Year the sum of (i) the principal of Indebtedness due and payable in such Fiscal Year, and (ii) the interest accrued or to accrue on Indebtedness during such Fiscal Year, calculated as provided in Section 5.9;

Assignment of Loan Agreement: the Assignment of Loan Agreement, of even date herewith, from the City to the Lender;

Bond Counsel: any attorney or firm of attorneys nationally recognized as experienced in tax-exempt municipal financing, retained by the Corporation and acceptable to the Lender and the City;

Closing Date: the date on which the Note is delivered by the City to the Lender in exchange for the purchase price thereof;

Code: the Internal Revenue Code of 1986, as amended;

Commitment Fee: the Lender’s fee, in an amount equal to \$3,500, for its commitment to purchase the Note;

Corporation: Elim Homes, Inc., a Minnesota nonprofit corporation, its successors and assigns;

Corporation Certificate: a written certificate signed in the name of the Corporation by its Chair, President, Chief Financial Officer, Secretary, or Treasurer, and delivered to the City and the Lender;

City: City of Milaca, Minnesota, its successors and assigns;

Current Ratio: current assets divided by current liabilities; provided that current assets shall include all marketable securities and current liabilities shall exclude accrued vacation and sick pay;

Date of Taxability: the date as of which interest on the Note becomes subject to federal income taxes, as specified in the ruling, notice, or other instrument constituting the Determination of Taxability; provided, that if no such date is specified in the ruling, notice, or other instrument constituting the Determination of Taxability, the Date of Taxability shall be the date on which such ruling, notice, or other instrument is issued, released or published;

Debt Service Coverage Ratio: for any specified period, the ratio of Income Available for Debt Service for such period to Annual Debt Service for such period, if the specified period is a Fiscal Year, the ratio shall be calculated on the basis of the audited financial statements of the Corporation for such Fiscal Year;

Determination of Taxability: the issuance by the Internal Revenue Service of a statutory notice of deficiency, or a ruling of the National Office or any District Office of the Internal Revenue Service, or a final decision of a court of competent jurisdiction which holds that the interest payable on the Note is includable in the gross income of the Noteholder for federal income tax purposes to an extent to which such interest was not includable as of the date of issuance of the Note, if the period, if any, for contest or appeal of such action, ruling or decision by the Corporation or Noteholder has expired without any such contest or appeal having been properly instituted by the Noteholder or the Corporation;

Event of Default: any of the events described as such in Section 7.1 hereof;

Existing Project Facilities: the buildings, structures and other improvements located on the Land as of the date of execution and delivery of this Loan Agreement, and commonly known as Caley House;

Fiscal Year: the period beginning on January 1 of each year and ending on December 31 of such year, or such other period of twelve (12) consecutive months as may be specified by a Corporation Certificate as the fiscal year of the Corporation;

GAAP: the generally accepted accounting principles in the United States of America in effect as of December 1, 2008;

Government Obligations: the direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America;

Gross Revenues: the total operating revenues of the Corporation for a specified period;

HIPAA: Health Insurance Portability and Accountability Act;

Holder: the Noteholder;

Income Available for Debt Service: (i) the net income of the Corporation for a specified period plus all interest expense, depreciation, amortization, contributions restricted for use for Debt Service and adding back any losses due to issuance of the note that is being refinanced by the Note less (ii) unrealized gains plus (iii) any unrealized losses;

Indebtedness: without duplication, (i) all indebtedness of the Corporation, whether or not represented by bonds, debentures, the Note or other securities, for the repayment of money borrowed, (ii) all indebtedness of the Corporation created or arising under a conditional sale, capitalized lease or other title retention agreement relating to acquisition of property or assets by the Corporation, (iii) all guaranties (except guaranties of the obligations of Affiliates), endorsements, assumptions and other contingent obligations of the Corporation in respect of, or to purchase or otherwise acquire, indebtedness of others and (iv) all indebtedness secured by any mortgage, pledge or lien existing on property owned by the Corporation, subject to such mortgage, pledge or lien, whether or not the indebtedness secured thereby shall have been assumed by the Corporation;

Independent: a Person who does not have any direct financial interest or any material indirect financial interest in the Corporation or any organization affiliated with the Corporation, and who is not an officer, employee, trustee, or director of the Corporation or any organization affiliated with the Corporation;

Issuance Costs: those items of issuance cost referred to in Section 147(g) of the Code incurred or payable by the Corporation in connection with the issuance of the Note: all legal and accounting fees and expenses, all costs of printing or reproducing the Note, this Loan Agreement, the Mortgage or other documents, the Commitment Fee, the title insurance premium, and any administrative or other fee payable to the City;

Land: the real estate described in Exhibit A to the Mortgage;

Lender: Bremer Bank, National Association, its successors and assigns, or such other Person as may be at any time the registered Holder of the Note;

Loan: the loan by the City to the Corporation of the proceeds of the Note pursuant to this Loan Agreement;

Loan Agreement: this Loan Agreement, between the City and the Corporation, including any amendment hereof or supplement hereto;

Loan Payments: the payments required of the Corporation pursuant to Sections 3.2, 3.3 and 7.8 of this Loan Agreement;

Mortgage: **the Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Financing Statement, dated as of April 1, 2011, from the Corporation to the Lender, including any amendment thereof;**

Note: the Series 2011 Note;

Noteholder: the Person in whose name the Note is registered in the Note Register;

Note Register: the register maintained by the City Administrator pursuant to Section 4 of the Resolution for registration of ownership and transfers of the Note;

Outstanding Debt: the \$_____ outstanding principal amount of the City of Princeton, Minnesota Elderly Housing Revenue Note of 1996 (Elim Homes, Inc. Project);

Person: any individual, corporation, partnership (general, limited, or limited liability), joint venture, association, trust, unincorporated organization, or government or any agency or political subdivision thereof;

Project: refinancing the Outstanding Debt;

Project Facilities: the existing 30 unit assisted living facility at 104 South Eighth Avenue, Princeton, Minnesota;

Resolution: the resolution adopted by the City Council on April 21, 2011, authorizing the issuance of the Series 2011 Note and establishing the terms and conditions thereof;

Series 2011 Note: City of Milaca, Minnesota Revenue Note (Elim Homes, Inc.), Series 2011, to be issued by the City pursuant to the Resolution;

State: the State of Minnesota;

Total Net Assets: such amounts as would be shown as “total net assets” on the balance sheet of the Corporation, exclusive of goodwill, prepaid expenses, amounts due from officers and other intangible items;

Tax-Exempt Organization: a Person which is an organization described in Section 501(c)(3) of the Code and which is exempt from federal income taxes under Section 501(a) of the Code and which is not a “private foundation” within the meaning of Section 509(a) of the Code, or equivalent provisions of the Code from time to time in effect;

Title Company: First American Title Insurance Company, a Minnesota corporation, its successors and assigns, or any other title insurance company designated by the Corporation and acceptable to the Lender; and

Section 1.2. Rules of Interpretation.

A. This Loan Agreement shall be interpreted in accordance with and governed by the laws of the State.

B. The words “herein,” “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Loan Agreement as a whole rather than to any particular section or subdivision hereof.

C. The article and section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

D. Unless the context clearly requires otherwise, references in this instrument to any particular section or subdivision hereof are to the section or subdivision of this instrument as originally executed.

E. All accounting terms used herein and not otherwise defined have the meanings assigned them in accordance with generally accepted accounting principles, and all financial computations herein provided for shall be made in accordance with generally accepted accounting principles.

ARTICLE 2
REPRESENTATIONS

Section 2.1. Representations by the City. The City makes the following representations as the basis for its covenants herein:

A. The City is a political subdivision, duly organized and existing under the laws of the State.

B. The Project constitutes a “program” as defined in Section 462C.02 Subdivision (3).

C. The City designates the Note as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code.

D. In authorizing the issuance of the Note, the City’s purpose is, and in its judgment the effect thereof will be, to promote the retention of quality health care facilities within the City and the general welfare of its inhabitants.

E. The issuance and sale of the Note, the execution and delivery of this Loan Agreement and the assignment of this Loan Agreement to the Lender, and the performance of all covenants and agreements of the City contained in the Note, and this Loan Agreement have been duly authorized by resolutions of the governing body of the City adopted at meetings thereof duly called and held by the affirmative vote of not less than a majority of its members.

F. To provide funds to pay the costs of the Project and in anticipation of the receipt of Loan Payments hereunder, the City has duly authorized the Note to be issued upon the terms set forth in the Resolution, under the provisions of which the City has agreed to assign its interest in this Loan Agreement and in the Loan Payments to the Lender as security for the payment of the principal of and interest on the Note and as security for the obligations of the Corporation under the Loan Agreement.

G. The execution and delivery of this Loan Agreement, and the Note will not constitute on the part of the City a breach of, or a default under, any existing law, or any legislative act, constitution or other proceeding establishing or relating to the establishment of the City or its affairs or its resolutions, or any agreement, indenture, mortgage, lease or other instrument to which the City is a party or by which it is bound.

H. No officer of the City who is authorized to take part in any manner in making this Loan Agreement or any contract contemplated hereby has a personal financial interest in or has personally and financially benefited from this Loan Agreement or any such contract.

I. There is not pending any suit, action or proceeding against the City before or by any court, arbitrator, administrative agency or other governmental authority which if determined adversely to the City materially and affects the validity or enforceability, as

to the City, of this Loan Agreement, the Note, any of its obligations hereunder or thereunder or any of the transactions contemplated hereby or thereby.

Section 2.2. Representations by the Corporation. The Corporation makes the following representations, upon which the Lender and the City may rely:

A. The Corporation is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota. The Corporation has full power to enter into the Loan Agreement and carry out its obligations hereunder and thereunder, and by proper action has authorized the execution and delivery of this Loan Agreement.

B. The Corporation is a Tax-Exempt Organization. All property financed and refinanced by the net proceeds of the Note is or will be owned by the Corporation or another Tax-Exempt Organization. Not more than five percent (5%) of the proceeds of the Note will be used, directly or indirectly, to finance or refinance property used in an unrelated trade or business of the Corporation determined by applying Section 513(c) of the Code or in the trade or business of any Person other than a Tax-Exempt Organization. There is no action, proceeding or investigation pending or threatened on any basis therefor by the Internal Revenue Service or authorities of the State which, if adversely determined, might result in a modification of the status of the Corporation as a Tax-Exempt Organization.

C. The execution and delivery of this Loan Agreement, and the consummation of the transactions contemplated hereby and thereby and the fulfillment of the terms and conditions hereof and thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the Articles of Incorporation or Bylaws of the Corporation or of any of the terms and conditions of any court order, judgment or decree, or any mortgage, indenture, loan agreement or other restriction or any agreement or instrument to which the Corporation is a party or to which any property of the Corporation is subject, and do not and will not constitute a default under any of the foregoing or result in the creation or imposition of any lien, charge or encumbrance of any nature upon any property or assets of the Corporation contrary to the terms of any agreement or instrument to which the Corporation is a party or by which the Corporation is bound.

D. The Project qualifies as a "program" under the Act.

E. The Corporation is duly authorized and licensed to operate the Project Facilities under the laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof, and the Project Facilities are in compliance in all material respects with applicable federal, state and local laws, regulations, codes and ordinances.

F. There is no suit, action, proceeding or investigation pending or threatened on any basis therefor at law or in equity or by or before any court, arbitrator, administrative agency or other federal, state or local governmental authority which

individually or in the aggregate, if adversely determined, might have a material adverse affect on, or affect the validity or enforceability as to the Corporation of, the Loan Agreement or any of the transactions contemplated hereby or thereby or the ability of the Corporation to perform its obligations hereunder or thereunder or as contemplated hereby or thereby.

G. The Corporation has reviewed and approved the terms and conditions of the Note.

H. The Corporation has no current intention to sell or otherwise dispose of the Project Facilities during the term of the Note.

I. To the best of the Corporation's knowledge (i) no member of the governing body or other officer of the City is directly or indirectly financially interested in this Loan Agreement or any contract, agreement or job hereby contemplated to be entered into or hereby taken; (ii) no officer or employee of the City has or will have any personal interest, direct or indirect, in this Loan Agreement; (iii) the Corporation has not paid or given any officer or employee of the City any money or other consideration for obtaining this Loan Agreement. The Corporation has not paid, nor is it required to pay, the City any amounts as consideration for the financing contemplated by this Loan Agreement.

J. Since the date of the last audited financial statements of the Corporation there has been no material adverse change in the business, properties, operations, or financial condition of the Corporation.

Section 2.3. Tax Covenants. The Corporation makes the following covenants regarding issues raised by the Code, upon which the Lender and the City may rely:

A. It will fulfill all conditions specified in Sections 103 and 141 through 150 of the Code and applicable Treasury Regulations as necessary to maintain the tax-exempt status of the interest borne by the Note.

B. All of the property financed, refinanced or otherwise provided by the net proceeds of the Note is and will be owned by the Corporation or by another Tax-Exempt Organization.

C. Less than five percent (5%) of the net proceeds of the Note (less any amounts devoted to Issuance Costs) will be used to provide property used either (i) by a Tax-Exempt Organization in an activity which constitutes an unrelated trade or business, or (ii) in a trade or business by a Person other than a Tax-Exempt Organization or a governmental unit (within the meaning of Section 141 of the Code).

D. As of the date hereof, the Corporation is the only "principal user" of the facilities financed by the Note, and the Corporation will not permit any other Person to become a "principal user" of those facilities if such action would cause the interest on the Note to become subject to federal income taxation in the hands of the Holder thereof.

E. The Corporation is not under the management or control of any Person other than the members of the Corporation.

F. The weighted average maturity of the Note will not exceed the estimated remaining economic life of the Project by more than twenty percent (20%), all within the meaning of Section 147(b) of the Code.

G. No portion of the proceeds of the Note will be used to provide any airplane, skybox or other private luxury box, any facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises, or residential rental housing.

H. The Issuance Costs financed by the Note shall not exceed two percent (2%) of the proceeds of the Note.

I. Other than the Outstanding Debt, there are no outstanding obligations of a political subdivision the proceeds of which have been or will be used with respect to the facilities financed or refinanced by the Note.

J. No obligations have been or will be issued which are described in Sections 141, 142, 143, 144 or 145 of the Code and that are sold at substantially the same time as the Note, pursuant to a common plan of marketing and that are payable in whole or in part by the Corporation or otherwise have any common or pooled security for the payment of debt service thereon with the Note.

K. It shall provide the City all information required to satisfy the informational requirements set forth in Section 149(e) of the Code, including the information necessary to complete IRS Form 8038.

L. The Corporation agrees it will not use the proceeds of the Note in such a manner as to cause the Note to be an "arbitrage bond" within the meaning of Section 148 of the Code and applicable Treasury Regulations. The Corporation expects that all proceeds of the Note, including earnings thereon, will be disbursed and expended for payment of the Project within six (6) months after the date of issuance of the Note. The Corporation will comply with the provisions of the Corporation Tax Certificate or similar certificate executed by the Corporation and delivered on the Closing Date.

M. The Corporation has not leased, sold, assigned, granted or conveyed and will not lease, sell, assign, grant or convey all or any portion of the properties financed with any of the Note proceeds or any interest therein to the United States or any agency or instrumentality thereof within the meaning of Section 149(b) of the Code.

N. The aggregate authorized face amount of the Note, when increased by the outstanding tax-exempt "qualified 501(c)(3) bonds," other than "qualified hospital bonds," of which the Corporation, or any organization with which the Corporation is under common management or control, is a test period beneficiary (determined in accordance with Section 145(b) of the Code), does not exceed \$150,000,000.

O. It reasonably expects that eighty-five percent (85%) of the spendable proceeds of the Note will be used to carry out the governmental purpose of the issue within three (3) years of the date the Note is issued. Not more than fifty percent (50%) of the proceeds of the Note will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four (4) years or more.

P. It will comply with and fulfill all other requirements and conditions of the Code and Treasury Regulations and rulings issued pursuant thereto relating to the acquisition, construction and operation of the facilities financed or refinanced by the Note to the end that interest on the Note shall at all times be free from federal income taxation.

Section 2.4. The Lender May Rely on Representations. The City and the Corporation agree that the representations contained in this Article 2 are for the use and benefit of the Lender, and the Lender shall be entitled to rely thereon, subject however, to the limitations on liability set forth in Section 8.6 hereof.

ARTICLE 3
THE LOAN

Section 3.1. Amount and Source of the Loan. The City agrees to lend to the Corporation and the Corporation agrees to borrow from the City, upon the terms and conditions herein, in the Note, the principal amount of the Note, which shall not exceed \$_____ by having the proceeds of the Note applied and disbursed in accordance with the provisions of this Loan Agreement. Forthwith upon the execution and delivery of this Loan Agreement and all other documents and instruments necessary to the transactions contemplated hereby and such documents as may be required to be filed or recorded by the Lender or Bond Counsel, the City will execute the Note and deliver it to the Lender. All of the proceeds of the Note will be used to pay the Outstanding Debt.

Section 3.2. Repayment of the Loan.

A. Subject to any rights of prepayment granted herein and in the Note, the Corporation agrees to repay the Loan in installments on the dates and in amounts sufficient to provide for the prompt and full payment of the principal of premium, if any, and interest on the Note.

B. All Loan Payments shall be made directly to the Noteholder at its principal office for the account of the City.

C. The Lender shall maintain an accurate record of all Loan Payments received by the Lender from the Corporation, and such records may be inspected by the Corporation at the office of the Lender at any time during normal business hours. Such records shall be prima facie evidence of the amount advanced and the amount paid on each of the Notes, but neither any error therein nor failure of the Lender to maintain such record shall relieve the Corporation of any of its obligations hereunder or under the Note. The Lender's calculation at any time of the amount of principal and interest due on the Note shall be presumed correct, absent clear mathematical error. The Lender may, but shall not be obligated to, make notation on the Note of the amounts advanced and amounts paid thereunder.

D. In case an event of default as defined in the Loan Agreement occurs, the principal of the Note outstanding may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Loan Agreement. In the event the Corporation should fail to make any loan payments required by this Loan Agreement, the item in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same with interest thereon until paid at the rate per annum then payable under the Note on the outstanding principal balance, plus three percent (3%), or the maximum rate permitted by law, whichever is less.

Section 3.3. Determination of Taxability. Upon occurrence of a Determination of Taxability, the rate of interest on the Note shall be automatically increased, effective as of the Date of Taxability, as provided in the Note, in which event the Loan Payments required

hereunder by the Corporation shall be adjusted accordingly with the increased payments required pursuant to the Note. In such case, the Corporation agrees also to pay to the Holder of the Note forthwith an amount equal to the aggregate difference between (i) the amounts actually paid between the Date of Taxability and the date of receipt of notice of the Determination of Taxability and (ii) the payments due during such period based upon the increased rate. Neither the Corporation nor the Noteholder shall be required to contest or appeal any Determination of Taxability.

Section 3.4. Notice of Proposed Taxability and Procedure Thereon. If the Internal Revenue Service initiates an investigation or audit questioning the federal income tax exemption of the interest payable on the Note or if the Holder, or the Corporation on behalf of the Holder, chooses to contest any statutory notice of deficiency, ruling of the Internal Revenue Service or judgment of a court of competent jurisdiction, the Holder, at its election, may increase the rate of interest on the Note to the rate specified in Section 3.3, and require that the Corporation make Loan Payments based upon such increased rate pending the final results of such investigation, suit or contest. The additional funds collected as a result of the rate increase shall be placed in escrow by the Holder and shall bear interest at a rate no greater than the original rate of interest on the Note. In the event the contest is resolved in favor of the Holder and the Corporation, and the interest on the Note continues to be exempt from federal income taxation, the funds held in such escrow account shall be returned to the Corporation and shall in no event be used to pay any interest or principal on the Note. In the event the contest is resolved against the Holder and the Corporation and interest payable on the Note is held to be subject to federal income taxation, the amount on hand in the escrow account shall be applied to the additional Loan Payments then due pursuant to this Section, with any excess returned to the Corporation.

Section 3.5. Corporation's Obligations Unconditional. All Loan Payments and all other payments required of the Corporation hereunder shall be paid without notice or demand (except as provided herein and in the Note) and without setoff, counterclaim, abatement, deduction or defense. The Corporation will not suspend or discontinue any payments, and will perform and observe all of its other agreements in this Loan Agreement and the Mortgage and, except as expressly permitted herein, will not terminate this Loan Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project Facilities, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the City or the Lender, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof or failure of the City or the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or in connection with this Loan Agreement, the Mortgage, or the Note.

Section 3.6. Extraordinary Prepayments. Upon the occurrence of an event of damage to or destruction of the Project Facilities, and in the event the Corporation does not have the right or does not choose to restore the Project Facilities pursuant to Section 5.5 of the Mortgage, or in the event the Mortgagee under the Mortgage so requires, the net proceeds of any insurance or condemnation award shall be applied in prepayment of the Note, without a premium. If all or any part of the Project Facilities are damaged, taken or acquired, either temporarily or permanently, in any condemnation proceeding, or by exercise of the right of eminent domain, the amount of the award or other payment for such taking, acquisition or damages made in

consideration thereof shall be applied in prepayment of the Note, without a premium. Insurance proceeds in excess of those required to discharge the Note shall be remitted to the Corporation.

ARTICLE 4
FINANCING

Section 4.1. Prepayment of Outstanding Debt. On the Closing Date, \$_____ of the proceeds of the Loan will be deposited with the Lender to pay the Outstanding Debt.

On the dated date of the Note, the Borrower shall pay the Bank a Commitment Fee of \$3,500.

ARTICLE 5
THE CORPORATION'S COVENANTS

Section 5.1. Assignment. The Corporation recognizes the authority of the City to assign its interest in this Loan Agreement and pledge all money receivable under this Loan Agreement (other than any payments required to be made to the City under Section 5.4 or 7.4 hereof) to the Lender as security for the payment of the principal of and interest on the Note and the payment of all fees and expenses of the Lender and others as provided herein and consents to such assignment.

Section 5.2. General Covenants of the Corporation. The Corporation covenants and agrees with the City and the Lender that it will:

A. Repay the Loan by making Loan Payments which will be at all times sufficient to provide for the prompt payment of the principal of, premium, if any, and interest on the Note.

B. Pay all expenses of the operation and maintenance of the Project Facilities, including property and liability insurance in the amounts and with the coverage determined by the Corporation, and pay or cause to be paid all taxes and special assessments levied upon or with respect to the Project Facilities. To this end, the Corporation agrees to perform all of the terms and covenants of the Mortgage as fully as if the Mortgage were set forth in full herein.

C. Maintain the Project Facilities in good repair and in good operating condition at its own cost, making such repairs and replacements as are necessary in the judgment of the Corporation so that the Project Facilities will remain a "project" under the Act and that the interest on the Note will not become includable in the gross income for federal income tax purposes of the recipient.

D. Comply throughout the term of the Note with all requirements of the Code, and any regulations promulgated thereunder, to assure that interest on the Note shall at all times be free from federal income taxation.

E. Not lease the Project Facilities or enter into an operating contract for the Project Facilities except to a Tax-Exempt Organization whose activities with respect to the Project Facilities will not constitute an unrelated trade or business.

F. Provide the Lender such information, including copies of records and documents of the Corporation, as the Lender may from time to time reasonably request in order to determine whether the Corporation has complied with its obligations under this Loan Agreement and the Mortgage subject to the limits of HIPAA regulations.

G. Maintain the Project Facilities in compliance with the ADA Accessibility law.

H. Permit the Lender, its representative or agent authorized in writing, at the Lender's expense, to visit and inspect the Project Facilities and examine, make copies

and extracts of, the Corporation's books of account, records, reports, and other papers, at reasonable times and upon reasonable notice subject to the limitations of HIPAA regulations.

I. The Corporation will not use (or permit to be used) the Project or use or invest (or permit to be used or invested) the proceeds of the Note or any other sums treated as "bond proceeds" under Section 148 of the Code including "investment proceeds," "invested sinking funds" and "replacement proceeds," in such a manner as to cause the Note to be, classified as an "arbitrage bond" within the meaning of Section 148 of the Code and applicable Treasury Regulations or a "federally guaranteed obligation" within the meaning of Section 149(b) of the Code.

J. The average maturity of the Note does not exceed one hundred twenty percent (120%) of the average reasonably expected economic life of the Project within the meaning of Section 147(b) of the Code.

K. The Corporation, on behalf of the City, shall pay to the United States, as a rebate, an amount equal to the sum of (i) the excess of (A) the aggregate amount earned on all nonpurpose obligations (other than investments attributable to an excess described in this clause), over (B) the amount which would have been earned if all nonpurpose obligations were invested at a rate equal to the yield on the Note, plus (ii) any income attributable to the excess described in clause (i) at the times and in the amounts required by Section 148(f) of the Code, all within the meaning of Section 148(f) of the Code. The Corporation shall maintain records of the interest rate borne by the Note in adequate detail to enable the Corporation to calculate the amount of any rebate required to be made to the United States. The Corporation shall pay the rebate to the United States at times and in installments which satisfy Section 148(f) of the Code and the regulations, at least once every five years and within thirty (30) days after the day on which the Note is paid in full. Calculations of the amount to be rebated shall be made by the Corporation at least every five (5) years, and the City and the Lender shall be furnished with such calculations within sixty (60) days of the time they are made. Such calculations shall be retained until six years after the retirement of the Note. The rebate shall be calculated in a manner consistent with Section 148(h) of the Code and Treasury Regulations thereunder. The Corporation shall avoid prohibited payments with respect to nonpurpose obligations under the Code.

L. The Corporation will fulfill all conditions specified in Sections 103 and 141 through 150 of the Code and applicable Treasury Regulations as necessary to maintain the tax-exempt status of the interest borne by the Note and will not otherwise use Note proceeds, including earnings thereon, or take, or permit or cause to be taken, any action that would adversely affect the exclusion of the interest on the Note from gross income for purposes of federal income taxation, nor otherwise omit to take or to cause to be taken any action necessary to maintain such tax-exempt status; and, if it should take or permit, or omit to take or to cause to be taken, as appropriate, any such action, the Corporation shall take all lawful actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

M. The net sale proceeds of the Note will be used to refinance the Project and pay costs of issuance, and no other purpose or property. The Project and the Land will be owned by Tax Exempt Organizations or by governmental units (within the meaning of Section 141 of the Code) while the Note is outstanding.

N. Other than this Note, there are no outstanding obligations of a political subdivision the proceeds of which have been used with respect to the Project and the Land.

O. As of the date hereof, the Corporation is the only "principal user" of the Project and Land and it will not permit any Person to become a "principal user" of the Project or Land if such action would cause the interest on the Note to become subject to federal income taxation in the hands of the Holders thereof.

P. The aggregate authorized face amount of the Note, when increased by the outstanding tax-exempt "qualified 501(c)(3) bonds," other than "qualified hospital bonds," of which the Corporation, or any organization with which the Corporation is under common management or control, is a test period beneficiary (determined in accordance with Section 145(b) of the Code) does not exceed \$150,000,000.

Q. Unless the Lender and the City shall have received an opinion of Counsel to the effect that the same will not impair the tax-exempt status of the Note, the Corporation is and will remain at all times until the Note has been fully paid and retired a Tax Exempt Organization.

R. The Corporation is not a private foundation as defined in Section 509(a) of the Code.

S. Eighty-five percent (85%) of the spendable proceeds of the Note will be used to carry out the governmental purposes of the Note within three years of the date of issuance thereof, and not more than fifty percent (50%) of the proceeds of the Note will be invested in non-purpose investments (as defined in Section 149(f)(6)(A) of the Code) having a substantially guaranteed yield for four (4) years or more.

T. The proceeds of the Note, including income from investment thereof, will not exceed the amount necessary for the governmental purposes of the Note.

U. No portion of the proceeds of the Note will be used to acquire or otherwise provide any airplane, skybox or other private luxury box, facility primarily used for gambling, or a store the principal business of which is the sale of alcohol beverages for consumption off premises, within the meaning of Section 147(e) and (h) of the Code.

V. The Corporation covenants that it will not spend less than ninety-five percent (95%) of the proceeds of the Note to pay the costs of acquisition and construction of the Project (not including costs of issuance of the Note) and the Corporation will not use more than two percent of the amount drawn under the Note for payment of "issuance costs" within the meaning of Section 147(g) of the Code.

W. The Corporation shall provide the City at closing with all information required to satisfy the informational requirements set forth in Section 149(e) of the Code, including the information necessary to complete IRS Form 8038.

X. No portion of the Project has been used or will be used (i) by an organization described in Section 501(c)(3) of the Code in an activity that constitutes an unrelated trade or business, or (ii) in a trade or business by a Person other than a Tax Exempt Organization or a governmental unit (within the meaning of Section 141 of the Code) or (iii) in a use not permitted within the meaning of Section 145(a) of the Code.

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

Z. No obligations have been or will be issued which are described in Section 141, 142, 143, 144 or 145 of the Code and that are sold at substantially the same time as the issuance of the Note, sold pursuant to the same plan of financing as the Note and are reasonably expected to be paid from substantially the same source of funds as the Note.

AA. Neither the Corporation nor any "related party," as defined in Treasury Regulations, Section 1.150-1(b), shall, pursuant to an arrangement, formal or informal, purchase the Note in an amount related to the obligations payable by such party under the Loan Agreement or any other "acquired purpose obligation," acquired by the City from the Corporation or any such related party.

Section 5.3. Continuing Existence and Qualification. The Corporation will maintain its existence as a Minnesota nonprofit corporation and will take no action nor suffer any action to be taken by others which will alter, change or destroy its status as a Tax-Exempt Organization. The Corporation will remain duly qualified to do business in the State and will not dispose of all or substantially all of its assets by sale, lease, or otherwise, or consolidate with or merge into another corporation or permit any other corporation to consolidate with or merge into it unless:

A. The surviving, resulting or transferee corporation, as the case may be, if other than the Corporation, is a Tax-Exempt Organization and is organized under the laws of the United States or one of the states thereof, shall have a total unrestricted fund balance at least equal to that of the Corporation as of the date of such consolidation, merger or transfer, and shall be duly qualified to do business in the State of Minnesota;

B. At least thirty (30) days before any merger, consolidation or transfer of assets becomes effective, the Corporation shall give the City and the Lender written notice of the proposed transaction;

C. Prior to any merger, consolidation or transfer of assets, an opinion of Bond Counsel shall be delivered to the City and the Lender stating that such merger, consolidation or transfer of assets will not cause interest on the Note to become includable in the gross income of the Noteholder for federal income tax purposes; and

D. Prior to any merger, consolidation or transfer of assets, the surviving, resulting or transferee corporation, as the case may be, if other than the Corporation, shall deliver to the City and the Lender a written instrument assuming all of the obligations of the Corporation under this Loan Agreement and the Mortgage and an opinion of counsel for such successor corporation stating that such instrument is (subject to customary qualifications) a valid, binding and enforceable obligation of such successor and that all of the conditions of this Section have been satisfied, and thereafter the Corporation may merge, consolidate or dispose of all or substantially all of its assets and thereafter dissolve.

Section 5.4. Indemnity.

A. The Corporation will pay, and will protect, indemnify and save the City and the Lender, their officers, employees and agents harmless from and against all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees), causes of action, suits, claims, demands and judgments of any nature arising from:

(i) Any injury to or death of any person or damage to property in or upon the Project Facilities or growing out of or connected with the use, non-use, condition or occupancy of the Project Facilities or any part thereof;

(ii) Any violation of any agreement or covenant of this Loan Agreement or the Mortgage, except by the City or the Lender as the case may be;

(iii) Any violation of any contract, agreement or restriction by the Corporation relating to the Project Facilities;

(iv) Any violation of any law, ordinance or regulation affecting the Project Facilities or any part thereof or the ownership, occupancy or use thereof;

(v) Any statement or information relating to the expenditure of the proceeds of the Note contained in the "Corporation Tax Certificate" or similar document furnished by the Corporation to the City or the Lender which, at the time made, is misleading, untrue or incorrect in any material respect; and

(vi) Any other cause whatsoever pertaining to the issuance, sale and delivery of the Note, the refinancing and operation of the Project Facilities, or any action taken in good faith by the City or the Lender, their officers and employees, to carry out the transaction contemplated by this Loan Agreement.

B. The provisions of this Section shall survive payment of the Note and termination of this Loan Agreement.

Section 5.5. Reports to Governmental Agencies. The Corporation will furnish to agencies of the State of Minnesota such periodic reports or statements as are statutorily required throughout the term of this Loan Agreement, or, to the extent the City is required to furnish such reports, will cooperate with the City in furnishing all information reasonably necessary and will indemnify the City for any costs incurred.

Section 5.6. Equipment. The Corporation covenants and agrees to keep the Project Facilities fully and properly furnished and equipped. If any such furniture or equipment becomes inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary for the operation of the Project Facilities, the Corporation shall have the right to acquire and install substitute or replacement furniture or equipment, which substitute or replacement furniture or equipment may be subject to a purchase money lien, including finance lease transactions.

Section 5.7. Financial Statements; Annual Certificate. The Corporation agrees to keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Corporation, in accordance with generally accepted accounting principles consistently applied. The Corporation agrees to furnish the Lender within one hundred twenty (120) days after the last day of each Fiscal Year, the audited financial statements of the Corporation for such Fiscal Year, including in comparative form with the preceding Fiscal Year the balance sheet and related statements of revenues and expenses and cash flows, accompanied by a written report thereon of Independent certified public accountants, which written report of Independent certified public accountants shall include a written statement that in making such audit the accountants have obtained no knowledge of any Event of Default or event which, with notice or lapse of time, or both, would constitute an Event of Default, or if they have obtained knowledge of any such event, disclosing the nature thereof, but such accountants shall not hereby be liable directly or indirectly to the Lender for failure to obtain knowledge of any default, and (ii) a Corporation Certificate substantially in the form attached hereto as Exhibit B. The Corporation will also furnish to the Lender internally prepared quarterly financial statements within 45 days of the end of each quarter and such other financial information as the Lender may, from time to time, reasonably request.

Section 5.8. Financial Covenants.

A. The Corporation agrees to conduct its business so that its Debt Service Coverage Ratio in each Fiscal Year will be not less than 1.2 to 1 for each such Fiscal Year;

B. The Corporation agrees to have a Total Net Assets equal to or greater than \$8,000,000 as of the end of each Fiscal Year;

C. The Corporation agrees to have an Indebtedness to Total Net Assets equal to or not greater than 3 to 1 as of the end of each Fiscal Year; and

D. The Corporation agrees to maintain a minimum Current Ratio of at least equal to 1 to 1 at all times.

Section 5.9. Calculation of Indebtedness and Annual Debt Service. For all purposes of this Loan Agreement, Indebtedness and Annual Debt Service shall be calculated in accordance with the following rules:

A. There shall be excluded from Annual Debt Service any item of Indebtedness, or interest on any item of Indebtedness, for the payment, prepayment, redemption or satisfaction of which in accordance with its terms there shall have been

deposited irrevocably in trust with a depository satisfactory to Lender, whose consent shall not be unreasonably withheld, the funds necessary for payment of such item of indebtedness or interest on such item of indebtedness.

B. There shall be excluded from Indebtedness any item of Indebtedness which is owed by the Corporation to an affiliate which is subordinate to the Note, unless such indebtedness has any schedule of repayment.

C. Annual Debt Service for any item of Indebtedness shall be calculated on the assumption that such indebtedness will be paid when due, including any sinking fund or other analogous fund required to be maintained for payment of an installment or portion of such Indebtedness.

ARTICLE 6
TERMINATION

Section 6.1. Termination Upon Retirement of the Note. At such time as no principal balance on the Note remains outstanding, and arrangements satisfactory to the Lender and the City have been made for the discharge of all other accrued liabilities, if any, under this Loan Agreement, this Loan Agreement shall by its terms terminate.

ARTICLE 7
EVENTS OF DEFAULT AND REMEDIES

Section 7.1. Events of Default. Any one or more of the following events is an Event of Default under this Loan Agreement:

A. If the Corporation shall fail to pay any Loan Payment required under this Loan Agreement on or before the date that the payment is due and such failure shall continue for fifteen (15) days;

B. If the Corporation shall fail to observe and perform any other covenant, condition or agreement on its part under this Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, given to the Corporation by the City or the Lender, unless the Lender shall agree in writing to an extension of such time prior to its expiration;

C. If the Corporation shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any present state law, or shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer seeking a reorganization, arrangement with creditors or similar relief under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof, or a receiver, trustee or liquidator of the Corporation, or of all or substantially all of the assets of the Corporation, or of the Project Facilities, shall be appointed in any proceeding brought against the Corporation and shall not be discharged within ninety (90) days after such appointment or if the Corporation shall consent to or acquiesce in such appointment;

D. If any event of default has occurred under the Mortgage and is continuing, notwithstanding any other provisions of this Loan Agreement;

E. If there is a determination that any representation or warranty made by the Corporation in this Loan Agreement or the Mortgage or in any certificate, document or instrument furnished in connection with the issuance and sale of the Note or under the terms of this Loan Agreement or the Mortgage is untrue in any material respect;

F. If the Corporation defaults in the payment of any Indebtedness for money borrowed in a principal amount in excess of \$1,000,000, and such default is sufficient to accelerate payment of such principal amount, unless such default is waived by the Person to whom such Indebtedness is owed or unless the Corporation has good faith defenses to such payment and establishes adequate cash reserves with respect to such Indebtedness;
or

G. If a judgment for payment of money in an amount in excess of \$1,000,000 and not fully covered by insurance is entered against the Corporation and is not stayed or discharged within sixty (60) days thereafter.

Section 7.2. Remedies.

Whenever any Event of Default shall have happened and be subsisting, any one or more of the following remedial steps may be taken by the City, with the prior written consent of the Lender, or by the Lender, pursuant to Section 7.6 hereof:

A. Declare all installments of the loan payable under this Loan Agreement (being an amount equal to that necessary to pay in full the principal balance of the Note assuming acceleration of the Note under the terms thereof and pay all other indebtedness thereunder) to be immediately due and payable, whereupon the same shall become immediately due and payable by the Corporation; and

B. Take whatever action at law or in equity may appear necessary or appropriate to collect the amounts then due and thereafter to become due or to enforce performance and observance of any obligation agreement or covenant of the Corporation under this Loan Agreement.

THE CORPORATION IS HEREBY ADVISED THAT THE CITY AND THE LENDER HAVE THE RIGHT TO PROCEED TO OBTAIN AND COLLECT A DEFICIENCY JUDGMENT AGAINST THE CORPORATION TOGETHER WITH A FORECLOSURE OF THE PROPERTY DESCRIBED IN THE MORTGAGE UNDER APPLICABLE LAWS.

Section 7.3. Manner of Exercise. No remedy herein conferred upon or reserved to the City and the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or the Mortgage or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City or the Lender to exercise any right reserved to it in this Article, it shall be necessary to give only such notice as may be herein or therein expressly required, but no remedy shall be exercised by the City without the prior written consent of the Lender).

Section 7.4. Attorneys' Fees and Expenses. If because of any default by the Corporation under this Loan Agreement, the City or the Lender employs attorneys or incur other expenses for the collection of payments or the enforcement of performance of any obligation or agreement on the part of the Corporation, the Corporation will, on demand and receipt of an accounting therefor, pay to the City or the Lender, respectively, the reasonable fee of such attorneys and such other reasonable and necessary expenses so incurred.

Section 7.5. Effect of Waiver. The Lender may, in its discretion, waive any Event of Default hereunder and its consequences and rescind any declaration of acceleration of principal; provided, however, that no action or inaction by the Lender shall be deemed a waiver of any of the Lender's rights or remedies unless the Lender specifically agrees in writing that such action or inaction will constitute a waiver of its rights or remedies. Any waiver shall only apply to the particular instance for which it was agreed. No delay by either party in exercising and no failure

by either party in exercising any right or remedy hereunder, or afforded by law, shall be a waiver of or preclude the exercise of any right or remedy hereunder, or provided by law, whether on such occasion or any future occasion, nor shall such delay be construed to be a waiver of any Event of Default or acquiescence therein. The exercise or the beginning of the exercise of one right or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.

Section 7.6. The Lender's Exercise of the City's Remedies. Whenever any Event of Default shall have happened and be subsisting the Lender may, but shall not be obliged to, exercise any or all of the rights of the City under this Article 7, upon notice as required of the City unless the City has already given the required notice.

Section 7.7. Application of Money. The proceeds and avails of any remedy hereunder, other than any remedy exercised by the City under the last sentence of Section 7. 2(b) hereof, shall be applied as follows:

A. First, to the payment of all costs and proper expenses (including reasonable attorneys' fees as permitted by law), liabilities incurred or advances made hereunder by the City or the Lender;

B. Second, to the payment to the Lender, on behalf of the City, of the amount then owing or unpaid for principal and interest due on the Note and in case any such proceeds shall be insufficient to pay the whole amount so due, then first to the payment of interest thereon and then to the payment of principal;

C. Third, to the payment of any excess to the Corporation, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 7.8. Late Fee. In the event that any Loan Payment under Section 3.2 is made more than ten (10) days after the date due, a late payment fee of five percent (5%) of the amount of the payment which is late shall be paid by the Corporation to the Lender.

ARTICLE 8
GENERAL

Section 8.1. Notices. All notices of an Event of Default hereunder shall be sufficiently given when delivered in person to an officer of the Corporation or when mailed by certified or registered mail, postage prepaid, to the Corporation with proper address as indicated in this Section. All other notices, certificates and communications hereunder are properly and sufficiently given when delivered in person to an officer of the party to whom directed or when mailed to such party by regular mail, postage prepaid, with proper address as indicated in this Section. All mailed notices, certificates and communications shall be deemed given three (3) days after the date of deposit in the mail. The City, the Corporation and the Lender may, by written notice given by each to the others, designate any other address or addresses to which notices, certificates or other communications or matters to them shall be sent when required as contemplated by this Loan Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the City:	City of Milaca 225 First Street East Milaca, MN Attn: City Manager
To the Corporation:	Elim Homes, Inc. 7485 Office Ridge Circle Eden Prairie, MN 55344 Attn: Chief Financial Officer
To the Lender: (one copy)	Bremer Bank, National Association 225 South Sixth Street Minneapolis, MN 55402 Attn: Ron Zweber
(one copy)	Christoffel & Elliott, P.A. 444 Cedar Street, Suite 1111 St. Paul, MN 55101 Attn: James F. Christoffel

Section 8.2. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the City and the Corporation and their respective successors and assigns.

Section 8.3. Severability. If any term, condition or provision of this Loan Agreement or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder thereof and the application of such term, provision and condition to Persons or circumstances other than those as to whom it shall be held invalid or unenforceable shall not be affected thereby, and this Loan Agreement and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and be complied with to the full extent permitted by law.

Section 8.4. Amendments, Changes and Modifications. Except as otherwise provided in this Loan Agreement or in the Mortgage, subsequent to the Closing Date and before the Mortgage is terminated in accordance with its terms, this Loan Agreement and Note may be effectively amended, changed, modified, altered or terminated with the written consent of the Lender, provided that no consent is required of the City.

Section 8.5. Execution Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.6. Limitation on the City's Liability. No agreement or provision contained in this Loan Agreement or any agreement, representation, covenant or undertaking by the City contained in any document executed by the City in connection with the Project Facilities shall give rise to any pecuniary liability of the City or a charge against its general credit or taxing powers, or shall obligate the City financially in any way except with respect to the Loan Agreement and the application of revenues therefrom and the proceeds of the Note. No failure of the City to comply with any term, condition, covenant or agreement herein, or in any other document executed by the City in connection with the Project Facilities, shall subject the City to liability for any claim for damages, costs or other financial or pecuniary charges except to the extent that the same can be paid or recovered from the Loan Agreement or revenues therefrom or proceeds of the Note.

IN WITNESS WHEREOF, the City and the Corporation have caused this Loan Agreement to be executed in their respective names, all as of the date first above written.

CITY OF MILACA, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Manager

Signature page to Loan Agreement

S-1

ELIM HOMES, INC.

By: _____
Its: Chief Financial Officer

Signature page to Loan Agreement

ACKNOWLEDGEMENT OF LENDER

The Lender has read the preceding Loan Agreement between City of Milaca, Minnesota and Elim Homes, Inc. and agrees to be bound by provisions therein relating to the Lender.

BREMER BANK, NATIONAL ASSOCIATION

By _____
Its: _____

EXHIBIT A
LEGAL DESCRIPTION

[Insert legal].

EXHIBIT B

COMPLIANCE CERTIFICATE

Bremer Bank, National Association
225 South Sixth Street
Minneapolis, MN 55402
Attn: Ron Zweber

Re: Loan Agreement, dated as of April 1, 2011 ("Loan Agreement"), between Elim Homes, Inc., a Minnesota nonprofit corporation ("Corporation") and City of Milaca, Minnesota, a political subdivision, as assigned to Bremer Bank, National Association ("Bank")

Ladies and Gentlemen:

The undersigned, the Chief Financial Officer of the Corporation, hereby certifies as of _____, 2____ that the computations of financial covenants and tests contained in the Loan Agreement and related documents are as follows:

Income Available for Debt Service

a) Net Income	\$	_____
b) Plus Depreciation, amortization, etc.		_____
c) Plus Interest Expense		_____
d) Less Unrealized Gains		_____
e) Plus Unrealized Losses	\$	_____
TOTAL	\$	_____
Debt Service (monthly payment x 12)		_____
Required: 120% of Annual Debt Service		_____
Amount Over (Under)		_____
Total Net Assets		_____
Indebtedness to Total Assets		_____
Current Ratio		_____

All capitalized terms not defined herein shall have the meaning ascribed to them in the Loan Agreement. This Compliance Certificate is the Corporation Certificate referred to in Section 5.7 of the Loan Agreement.

The undersigned further confirms that each representation and warranty contained in the Loan Agreement and related documents is true and accurate as of the date hereof.

The undersigned further confirms that as of the date hereof no Event of Default has occurred and is continuing and no event which with the giving notice or the passage of time or both would constitute an Event of Default has occurred and is continuing.*

Sincerely,

ELIM HOMES, INC.

By: _____
Its: Chief Financial Officer

* If the foregoing sentence is not correct, in lieu of the foregoing sentence, describe the default or Event of Default and the status thereof.

UNITED STATES OF AMERICA
STATE OF MINNESOTA

CITY OF MILACA, MINNESOTA
REVENUE NOTE
(ELIM HOMES, INC.)

SERIES 2011

Dated Date: April _____, 2011

No. R-1

\$ _____

CITY OF MILACA, MINNESOTA, a city and political subdivision of the State of Minnesota (the "Issuer"), for value received, hereby promises to pay to the order of Bremer Bank, National Association, Minneapolis, Minnesota (the "Purchaser" or the "Registered Owner"), from the source and in the manner hereinafter provided, the principal sum of _____ Dollars (\$ _____), with interest on the outstanding principal balance at the Interest Rate determined as hereinafter provided. The principal and interest shall be paid in any coin or currency which at the time or times of payment is legal tender for the payment of public and private debts in the United States of America.

Principal and interest on this Note is payable as follows:

(i) Commencing on Dated Date and continuing on the 1st day of each month thereafter to and including April 1, 2016 (the "First Interest Rate Adjustment Date"), monthly installments of principal and interest in an amount necessary to amortize the principal balance of the Note over a _____ () year period calculated by the Purchaser at the Initial Interest Rate (hereinafter defined);

(ii) Commencing on the 1st day of the month immediately succeeding each Interest Rate Adjustment Date (hereinafter defined) and continuing on the 1st day of each month thereafter to and including the next succeeding Interest Rate Adjustment Date, monthly installments of principal and interest shall be paid in an amount computed by the Purchaser to be the amount necessary to amortize the then outstanding principal balance of the Note over a _____ () year period commencing on the Dated Date at the Adjusted Interest Rate (hereinafter defined) in effect on such Interest Rate Adjustment Date; and

(iii) On April 1, 2023 (the "Maturity Date"), all remaining outstanding principal of this Note plus accrued interest thereon shall be immediately due and payable.

Initial Interest Rate: The interest on the outstanding principal of this Note commencing on the Dated Date to the First Interest Rate Adjustment Date shall be calculated at a variable interest rate at all times equal to 70% of the five (5) year LIBOR Rate plus 2.75% per annum; provided, however that this provision shall not apply to the Taxable Rate. As used in this paragraph, "LIBOR Rate" shall mean the rate reported as the bid rate for Eurodollar deposits in the Federal Reserve Board Statistical Release H.15 for a one (1) month period reported on the last business day of each month or similar business reporting service. In the event that the LIBOR Rate cannot be ascertained by the Purchaser due to changes in reports, publications, market conditions or regulatory requirements, then the Purchaser shall, in the exercise of its sole

discretion, select a substitute rate or index that it believes to be reasonably equivalent to the LIBOR Rate and thereafter such substitute rate shall for all purposes be deemed to be the LIBOR Rate under this Note.

Adjusted Interest Rate: The interest rate on this Note will adjust on the Interest Rate Adjustment Dates of April 1, 2016 and April 1, 2021 (each an “Interest Rate Adjustment Date”) to a rate (“Adjusted Interest Rate”) determined on each such Interest Rate Adjustment Date (or if such date is not a business day, on the next succeeding business day) to be the rate per annum determined by the Purchaser to be equal to a per annum rate equal to seventy percent (70%) of the sum of (i) the five (5) year London Interbank Rate (the “LIBOR Swap Rate”) then in effect plus (ii) 275 basis points, provided, however, that, in no event shall the Adjusted Interest Rate hereon ever be greater than 7.25% per annum nor less than 4.25% per annum; provided, however, this provision shall not apply to the Taxable Rate.

LIBOR Swap Rate shall mean the rate per annum published as the LIBOR swap “ask” rate for a five (5) year term in the Federal Reserve Board Statistical Release H.15 (or equivalent reporting service selected by the Purchaser) on the last business day preceding any date of determination. In the event that the LIBOR Swap Rate cannot be ascertained by the Purchaser due to changes in reports, publications, market conditions or regulatory requirements, then the Purchaser shall, in the exercise of its sole discretion, select a substitute rate or index that it believes to be reasonably equivalent to the LIBOR Swap Rate under this Note.

In all cases interest shall be calculated on the basis of a year of three hundred sixty (360) days and charged for actual days principal is unpaid.

If any payment required to be made on this Note is not paid within fifteen (15) days of the due date thereof, the Borrower shall pay to the Purchaser a late charge equal to five percent (5%) of the amount of such installment.

This Note is issued pursuant to the Minnesota Statutes, Chapter 462C, as heretofore and hereafter amended (the “Act”), and in conformity with the provisions, restrictions and limitations thereof, has been authorized by law to be issued and has been issued for the purpose of funding a loan from the Issuer to the Borrower in order to finance costs incurred with respect to the Project described in the hereinafter referred to Loan Agreement. This Note is issued pursuant to the Loan Agreement and a Note Resolution duly adopted by the City Council of the Issuer (the “Note Resolution”). Pursuant to an Assignment of Loan Agreement, dated as of April 1, 2011, between the Issuer and the Purchaser (the “Assignment of Loan Agreement”), the Issuer has assigned its interest in the Loan Agreement (except for its rights to indemnity and payment of fees, expenses and advances) to the Purchaser. This Note is secured by the Loan Agreement, the Assignment of Loan Agreement, **[the Mortgage, the Security Agreement and the Assignment]**, each defined in the Loan Agreement. Reference is hereby made to all such documents and any supplements thereto for a description and limitation of the property, revenues and funds pledged and appropriated to the payment of the Note, the nature and extent of the security thereby created, the rights of the owner of the Note, and the rights, immunities and obligations of the Issuer thereunder.

This Note shall never constitute an indebtedness of the Issuer, within the meaning of any state constitutional provision or statutory limitation, and shall not constitute nor give rise to a pecuniary liability of the Issuer or a charge against its general credit or taxing powers and does not grant to the owner of this Note any right to have the Issuer levy any taxes or appropriate any funds for the payment of the principal hereof or interest hereon, nor is this Note a general obligation of the Issuer or the individual officers or agents thereof. This Note and interest hereon are payable solely from the moneys received under the Loan Agreement, including loan repayments to be made by the Borrower and the security provided therefor, all as hereinafter referred to.

This Note is subject to optional prepayment on any date at a prepayment price equal to the principal amount to be prepaid on such date plus accrued interest plus (i) premium of three percent (3%) of the principal amount prepaid if prepayment occurs before April 1 of the first year after the date hereof or after an Interest Rate Adjustment Date, (ii) premium of two percent (2%) of the principal amount prepaid if prepayment occurs on or after April 1 of the second year after the date hereof or after an Interest Rate Adjustment Date, (iii) premium of one and one-half percent (1.5%) of the principal amount prepaid if prepayment occurs on or after April 1 of the third year after the date hereof or after an Interest Rate Adjustment Date or (iv) premium of one percent (1%) of the principal amount prepaid if prepayment occurs on or after April 1 after the fourth year after the date hereof or after an Interest Rate Adjustment Date; provided, however, a premium of one-half percent (.50%) shall be payable if paid with notice by the Borrower to the Lender sixty (60) days prior to any Interest Rate Adjustment Date. Moreover, this Note may be optionally redeemed in whole or in part, without premium, in certain events of damage, destruction or condemnation. All prepayments shall be applied first to accrued interest and then to principal. All prepayments applied to principal shall be applied to installments of principal in inverse order of maturity.

If the interest on this Note should become subject to federal income taxation pursuant to a Determination of Taxability, then the per annum rate of interest hereunder shall be automatically increased effective as of the Date of Taxability to a rate equal to 1.5 times the interest rate calculated hereinabove and then in effect (the "Taxable Rate"). The Borrower shall forthwith pay to the Purchaser the aggregate difference between (i) the amounts actually paid hereunder between the Date of Taxability and the date of receipt of notice of the Determination of Taxability and (ii) the amounts which would have been due during such period if the increased interest rate had been in effect.

This Note has been designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Notice of any such prepayment or redemption shall be given to the Registered Owner of this Note by first class mail, addressed to such owner at its registered address, not earlier than sixty (60) days nor later than thirty (30) days prior to the date fixed for prepayment or redemption and shall be published as may be required by law.

The Purchaser may extend the times of payment of interest and/or principal of or any penalty, charge or premium due on this Note, except the date of final maturity, with the consent

of the Issuer but without any requirement of notice to or the consent of any other party liable herein and without releasing any such party.

All of the agreements, conditions, covenants, provisions and stipulations contained in the Note Resolution, Loan Agreement, the Assignment of Loan Agreement, the Mortgage **and Security Agreement** are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein.

This Note is transferable upon the books of the Issuer at the office of the City Administrator, by the registered holder in person or by its attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the City Administrator, duly executed by the registered holder or its duly authorized attorney. Upon such transfer, the City Administrator will note the date of registration and the name and address of the newly registered holder in the registration blank appearing below. Alternatively, the City Administrator will, at the request of the registered holder, issue new Notes in an aggregate principal amount equal to the unpaid principal balance of this Note, and of like tenor except as to number and principal amount, and registered in the name of the registered holder. The City Administrator may deem and treat the person in whose name this Note is last registered upon the books of the City Administrator, with such registration noted on this Note, as the absolute owner hereof for the purpose of receiving payment of or on account of the principal balance, prepayment price, or interest and for all other purposes; all such payments so made to the registered holder or upon its order shall be valid and effectual to satisfy and discharge the liability upon this Note to the extent of the sum or sums so paid, and the City Administrator shall not be affected by any notice to the contrary.

In case an event of default as defined in the Loan Agreement occurs, the principal of this Note outstanding may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Loan Agreement. In the event the Borrower should fail to make any loan payments required by the Loan Agreement, the item in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon until paid at the rate per annum then payable under the Loan Agreement on the Loan, plus three percent (3%), or the maximum rate permitted by law, whichever is less.

The terms and provisions of the Note Resolution, the Loan Agreement, and the Assignment of Loan Agreement or of any instrument supplemental thereto, may be modified or altered only pursuant to Section 8.4 of the Loan Agreement.

It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and governed by the laws thereof.

This Note has been issued without registration under state, federal or other securities laws in reliance on an exemption therefrom. Consequently, this Note may not be assigned or transferred in whole or in part, nor may any participation interest in this Note be given pursuant to any participation agreement or otherwise except for participations by the Purchaser to other banks or financial institutions or except in accordance with such registration requirements or in reliance on an applicable exemption from such registration requirements.

[Remainder of page intentionally left blank;
signature page follows.]

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Issuer has caused this Note to be duly executed by the signatures of its Mayor and City Manager all as of the Dated Date hereof.

CITY OF MILACA, MINNESOTA

By: _____
Mayor

Attest

By: _____
City Manager

(Seal)

PROVISIONS OF REGISTRATION

The ownership of the unpaid principal balance of this Note and the interest accruing therein is registered on the books of Milaca, Minnesota, in the name of the registered Holder last noted below.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of the City Manager</u>
Dated Date	Bremer Bank, National Association Minneapolis, Minnesota	_____
_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please print or type name and address of Transferee)

The within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security Number or Other
Identifying Number of Assignee

Notice: The signature to this assignment must correspond with the name as it appears on the face of this Note in every particular, without alteration or any change whatever.

ASSIGNMENT OF LOAN AGREEMENT

BY

CITY OF MILACA, MINNESOTA

TO

BREMER BANK, NATIONAL ASSOCIATION

Dated as of April 1, 2011

ASSIGNMENT OF LOAN AGREEMENT

THIS ASSIGNMENT OF LOAN AGREEMENT (the "Assignment") is executed and delivered as of April 1, 2011 by City of Milaca, Minnesota (the "Issuer"), a body corporate and politic duly organized and existing under the laws of the State of Minnesota (the "State"), in favor of Bremer Bank, National Association (the "Lender").

WITNESSETH:

WHEREAS, the Issuer has executed and delivered to the Lender its City of Milaca, Minnesota Revenue Note (Elim Homes, Inc.), Series 2011 in the principal amount of \$_____, dated _____, 2011 (the "Note"), issued pursuant to a resolution adopted on April 21, 2011 (the "Resolution"); and

WHEREAS, the proceeds of the Note have been loaned to Elim Homes, Inc. (the "Company"), pursuant to a Loan Agreement dated as of the date hereof between the Issuer and the Company (the "Loan Agreement"); and

WHEREAS, the Note is payable from and secured by the revenues pledged by the Loan Agreement to be made by the Company, and the Lender, as a condition to the purchase of the Note, has required the execution of this Assignment.

NOW, THEREFORE, as authorized by the Resolution and in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer does hereby grant, transfer and assign, without recourse, to the Lender and its registered assigns all of the right, title and interest of the Issuer in the Loan Agreement and the revenues pledged thereby to be made by the Company (except for the rights of the Issuer), all for the purpose of securing the Note.

The Issuer hereby represents to the Lender that the Issuer is the owner of the Loan Agreement and all rights incident thereto, free and clear of any lien, security interest or other encumbrance other than the security interest arising under this Assignment.

The Issuer hereby authorizes the Lender to exercise, whether or not an Event of Default has occurred under the Loan Agreement, any and all rights or remedies available to the Issuer under the Loan Agreement. The Issuer, without the consent of the Lender, shall have the power to exercise all rights and remedies pursuant to the sections of the Loan Agreement enumerated in Section 7.6 thereof. The Issuer agrees, on request of the Lender, to execute and deliver to the Lender such other documents or instruments as shall be deemed necessary or appropriate by the Lender at any time to confirm or perfect the security interest hereby granted.

The Issuer will not:

(a) exercise or attempt to exercise any remedies under the Loan Agreement (except with respect to the rights of the Issuer) or terminate, modify or accept a surrender of or offer or agree to any termination, modification or surrender of the same or, by affirmative act, consent to the creation or existence of any security interest or other lien in the Loan Agreement to secure payment of any other indebtedness; or

(b) receive or collect or permit the receipt or collection of any payments, receipts, rentals, profits or other moneys under the Loan Agreement or assign, transfer or hypothecate (other than to the Lender hereunder) any of the same then due or to accrue in the future except for payments received by the Issuer pursuant to the Loan Agreement.

Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Assignment of Loan Agreement contained by or on behalf of the Issuer or the Lender shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

The Lender recognizes and agrees to the limitation of the Issuer's liability as set forth in Section 8.6 of the Loan Agreement. The Lender recognizes and understands that (1) the Note is a limited obligation of the Issuer payable solely from payments derived pursuant to the Loan Agreement and from the property which secures payments of the Note, (2) the Note and the interest thereon shall never constitute a debt of the Issuer within the meaning of any constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the Issuer or a charge against the Issuer's general credit or taxing power, (3) the Note does not constitute a charge, lien, or encumbrance, legal or equitable, upon any property of the Issuer, except revenues under the Loan Agreement and (4) the agreement of the Issuer to perform or cause the performance of the covenants and other provisions set forth in the Note shall be subject at all times to the availability of revenues from the Loan Agreement sufficient to pay all costs of such performance or the enforcement thereof.

The Lender recognizes and agrees that the Issuer has no pecuniary liability to the Lender or any subsequent holder of the Note for the Issuer's failure to investigate, or negligence in the investigation of, the financial position or prospects of the Borrower or for failure of the Issuer to consider, or negligence in the consideration of, the adequacy of terms of, or collateral security for, the Note or any related agreement. The Lender recognizes and agrees that the Issuer has no liability in connection with the issuance or sale of the Note concerning representations made by or for performance of the obligation of any person who is a party to a related transaction or agreement, except as may be specifically provided in this Assignment, the Loan Agreement and the Note.

The Lender acknowledges that the Note has been issued without registration under state or federal or other securities laws, pursuant to an exemption for such issuance, and accordingly, the Note may not be assigned or transferred in whole or in part, nor may any participation interest in the Note be given pursuant to any participation agreement or otherwise, except for participations by the Lender to other banks or financial institutions or except in accordance with such registration requirements or in reliance on an applicable exemption from such registration requirements.

The unenforceability or invalidity of any provision or provisions of this Assignment shall not render any other provision or provisions herein contained unenforceable or invalid.

This Assignment shall in all respects be construed in accordance with and governed by the laws of the State. This Assignment may not be amended or modified except in writing signed by the Issuer and the Lender.

This Assignment may be executed, acknowledged and delivered in any number of counterparts and each of such counterparts shall constitute an original but all of which together shall constitute one agreement.

The terms used in this Assignment which are defined in the Loan Agreement shall have the meanings specified therein, unless the context of this Assignment otherwise requires, or unless such terms are otherwise defined herein.

[Remainder of page intentionally left blank;
signature page follows.]

IN WITNESS WHEREOF, the Issuer has caused this Assignment of Loan Agreement to be duly executed as of the day and year first above written.

CITY OF MILACA, MINNESOTA

By: _____
Its: Mayor

By: _____
Its: City Manager

Signature page to Assignment of Loan Agreement

ACKNOWLEDGMENT OF LENDER

The assignee hereby agrees to and accepts this Assignment of Loan Agreement.

Dated as of April 1, 2011

BREMER BANK, NATIONAL
ASSOCIATION

By: _____
Its: _____

JOINT POWERS AGREEMENT
PROVIDING FOR THE ISSUANCE OF TAX EXEMPT REVENUE BONDS
TO REFINANCE THE CONSTRUCTION AND EQUIPPING
OF AN ASSISTED LIVING FACILITY
(ELIM HOMES PROJECT)

THIS AGREEMENT is entered into as of the 1st day of April, 2011, between the City of Princeton, a public body corporate and politic under the laws of the State of Minnesota (“Princeton”) and the City of Milaca, Minnesota, a municipal corporation duly organized under the laws of the State of Minnesota (“Milaca”).

RECITALS

- A. Princeton and Milaca are municipal corporations and each is a “city” as defined in Minnesota Statutes, Chapter 462C (the “Act”), with the power thereunder to issue bonds and loan the proceeds thereof for certain multifamily housing projects.
- B. Minnesota Statutes, Section 471.59 and 471.656 (collectively the “Joint Powers Act”) provides that two or more governmental units, by agreement entered into through action of their governing bodies, may jointly or cooperatively exercise any power common to the contracting parties, and may provide for the exercise of such power by one of the participating governmental units.
- C. In connection with revenue bonds issued under the Act, Minnesota Statutes, Section 462C.14, Subd. 3 provides for joint action between cities pursuant to the Joint Powers Act to finance housing projects outside the corporate boundaries of the issuer.
- D. Elim Homes, Inc., a Minnesota nonprofit corporation, or a related entity (the “Company”), proposes to undertake a project consisting of the refinancing the construction and equipping of the 30 unit assisted living facility located at 104 South Eighth Avenue in Princeton, Minnesota (the “Project”).
- E. Although the Project is located in Princeton, it has historically provided, and is expected to continue to provide, significant benefits to seniors residing in surrounding communities, including specifically Milaca, through the provision of rehabilitation and assisted living care which is accessible and available to residents of Milaca and supplements the care and facilities available within Milaca and consequently the Project benefits Milaca.
- F. The Company has proposed that Princeton and Milaca enter into this agreement pursuant to the Joint Powers Act, pursuant to which Milaca will issue tax exempt revenue bonds (the “Bonds”) under Minnesota Statutes, Chapter 462C (collectively, the “Act”) in an aggregate amount not to exceed \$1,200,000 and loan the proceeds thereof to the Company to finance the Project described above.

NOW THEREFORE, in consideration of the mutual undertakings and covenants set forth below and other good and valuable consideration, Princeton and Milaca hereby represent and agree as follows:

1. Princeton and Milaca hereby agree to jointly finance the Project and the housing program described above. Milaca is hereby designated as the issuer of any Bonds to be issued pursuant to this Agreement.

2. Princeton and Milaca hereby represent to each other that they have each (a) held a public hearing on the Housing Program for the Project in accordance with the Act and (b) adopted a resolution (i) reciting the benefits to each of them from issuance of the Bonds issued to finance the Project, (ii) approving the Housing Program, (iii) authorizing execution, delivery and performance of this Agreement, (iv) granting host approval (or, in the case of Milaca, granting approval) of the issuance of the Bonds as required under the Internal Revenue Code of 1986, as amended (the "Code"), and (v) designating the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Code.

3. Milaca shall exercise the powers of the Act and Section 265(b) of the Code by adopting, approving and executing such resolutions, documents, and agreements as shall be necessary or convenient to authorize, issue, and sell the Bonds and such other resolutions, documents, and agreements as shall be necessary or required in connection with the issuance of the Bonds and giving effect to or carrying out the provisions of this Agreement and documents under which the Bonds are issued and/or secured.

4. Any Bonds to be issued pursuant to this Agreement shall be special, limited obligations of Milaca, payable solely from proceeds, revenues and other amounts specifically pledged thereto. In no event shall the Bonds ever be payable from or charged upon the general credit, taxing powers or any funds of either Princeton or Milaca; Princeton and Milaca are not subject to any liability thereon; no owners of the Bonds shall ever have the right to compel the exercise of the taxing power of any of Princeton or Milaca to pay any of the Bonds or the interest thereon, nor to enforce payment thereof against any property of any of Princeton or Milaca; the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of any of Princeton or Milaca; and the Bonds do not constitute an indebtedness of any of Princeton or Milaca the meaning of any constitutional, statutory, or charter limitation.

5. This Agreement shall terminate upon the retirement or defeasance of the last outstanding Bonds and this Agreement may not be terminated in advance of such retirement or defeasance.

6. This Agreement may be amended by Princeton and Milaca at any time. No amendment may impair the rights of the holder of the Bonds, unless it has consented to such amendment in the manner provided for an amendment of the resolution of Milaca authorizing the issuance of the Bonds.

7. This Agreement may be executed in counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its duly authorized officers, all as of the day and year first above written.

CITY OF PRINCETON, MINNESOTA,
As Issuer

By _____
Its Mayor

By _____
Its City Administrator

Signature Page To Joint Powers And Allocation Agreement

CITY OF MILACA, MINNESOTA

By _____
Its Mayor

By _____
Its _____

Signature Page To Joint Powers And Allocation Agreement

RESOLUTION NO. 11 - 10

APPROVING ELIM HOME, INC. PROJECT AND RELATED DOCUMENTS

WHEREAS, the purpose of Minnesota Statutes, Sections, Chapter 462C, as amended (the "Act"), as found and determined by the legislature, is to promote the welfare of the State of Minnesota (the "State") by the provision of multi-family housing developments;

WHEREAS, the City of Milaca, Minnesota (the "City") has received a request from Elim Homes, Inc. (the "Borrower") that the City consider the issuance of tax-exempt revenue bonds (which may be in the form of one or more bonds or series) in an amount not to exceed \$1,200,000 (the "Bonds") to provide funds for the refinancing of a 30 unit assisted living facility and facilities functionally related and subordinate thereto at 104 South 8th Avenue, Princeton, Minnesota (the "Project");

WHEREAS, the City desires to facilitate the selective development of the community and help provide the range of medical-related services, multifamily housing developments and employment opportunities required by its population, and the Project shall assist the City in achieving those objectives;

WHEREAS, the City and the Borrower will enter into a loan agreement (the "Loan Agreement") in which the Borrower will agree to make all payments due on account of the Bonds;

WHEREAS, the City has held a public hearing on the housing program and in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended;

WHEREAS, the City of Princeton, Minnesota (the "City of Princeton") has held a public hearing and adopted a resolution in which it grants host approval to allow Milaca to exercise the City of Princeton's authority to issue the bonds for the Project;

WHEREAS, the City and the City of Princeton will, in connection with the issuance of the Bonds, enter into a Joint Powers Agreement reflecting this authorization;

WHEREAS, the City desires to facilitate the selective development of the community and to help provide the range of services and employment opportunities required by the population, and the Project will assist the City in achieving those objectives;

NOW, THEREFORE, BE IT RESOLVED by the City, as follows:

1. On the basis of information available to the City, the City hereby finds that the Project constitutes a multifamily housing development within the meaning of the Act; the Project furthers the purposes stated in the Act; and it is in the best interests of the City and the people of the City and in furtherance of the general plan of development to assist the Borrower in financing the Project and the City approves the housing program.

2. For the purpose of financing the Project and paying certain costs of issuance and other expenses in connection with the issuance of the Bonds, the City hereby authorizes the issuance, sale and delivery of the Bonds in an aggregate principal amount of up to \$1,200,000. The Bonds shall bear interest at such rates, shall be numbered, shall be dated, shall mature, shall be subject to redemption prior to maturity, and shall be in substantially the form attached hereto as Exhibit A and have such other details and provisions as may be approved by the Mayor and City Manager of the City, the Borrower and the purchaser of the Bonds, currently anticipated to be Bremer Bank, National Association.

3. The Bonds and interest thereon shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation and shall not constitute or give rise to a pecuniary liability of the City or a charge against their general credit or taxing powers and neither the full faith and credit nor the taxing powers of the City is pledged for the payment of the Bonds or interest thereon.

4. It is hereby found, determined and declared that:

a. The issuance and sale of the Bonds, the execution and delivery by the City of the documents which in the opinion of the Mayor and City Manager of the City and Bond Counsel are reasonably required in connection with the issuance of the Bonds, including specifically the Loan Agreement, the Joint Powers Agreement, and one or more revenue bonds (the "Documents"), and the performance of all covenants and agreements of the City contained in such documents, and of all other acts and things required under the Constitution and laws of the State of Minnesota to make the Documents and the Bonds valid and binding obligations of the City in accordance with their terms, are authorized by Minnesota Statutes, Chapter 462C, as amended (the "Act").

b. It is desirable that the Bonds be issued by the City.

5. The Mayor and the City Manager of the City, or such other officer of the City as may be appropriate in the absence of the Mayor or City Manager, are hereby authorized to execute the Bonds. The execution of any of the Bonds by the Mayor and City Manager, and the execution of any Document by the Mayor of the City shall be conclusive evidence of the approval of such Document in accordance with the terms hereof.

6. The Mayor and other officers of the City are authorized and directed to prepare and furnish to Bond Counsel certified copies of proceedings and records of the City relating to the issuance of the Bonds and other transactions herein contemplated, and such other affidavits and certificates as may be required to show the facts relating to the legality of the Bonds and the other transactions herein contemplated as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

7. The approval hereby given includes approval of such details as may be necessary and appropriate and approved by the City's Mayor and City Manager; and includes approval of, among other things:

a. establishment of the final principal amount of the Bonds and the interest rate to be borne thereby; provided that the maximum aggregate principal amount of the Bonds shall not exceed \$1,200,000 and the interest rate shall not exceed 7.25%;

b. the establishment of the maturity schedule not to exceed twenty years and call provisions to be applicable to the Bonds; and

c. such related instruments as may be required to satisfy the conditions of any purchaser of the Bonds.

8. There have been prepared and presented to the City the Loan Agreement between the City and the Borrower, the Note, the Assignment of Loan Agreement, the Joint Powers Agreement, and other related documents in connection with the issuance of the Bonds. The forms of documents are approved with such variations, insertions, and additions as are deemed appropriate by the parties and approved by the City. The execution of any instrument by the Mayor shall be conclusive evidence of the approval of such instruments in accordance with the terms hereof.

9. No covenant, stipulation, obligation or agreement contained herein or in the Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any member of the City Council of the City, or any officer, agent or employee of the City in that persons individual capacity, and neither the City Council nor any officer executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

10. The City hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

11. All of the proceeds of the Bonds will be used to pay the outstanding City of Princeton, Minnesota Elderly Housing Revenue Note of 1996 (Elim Homes, Inc. Project).

Adopted this 21st day of April, 2011.

CITY OF MILACA, MINNESOTA

By _____
Mayor Harold Pedersen

ATTEST:

Greg Lerud, City Manager

ORDINANCE NO. 392

AN ORDINANCE ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF ORDINANCES FOR THE CITY OF MILACA, MN

WHEREAS, American Legal Publishing Corporation of Cincinnati, Ohio, has completed the S-7 Supplement to the Code of Ordinances of the Political Subdivision, which supplement contains all ordinances of a general and permanent nature enacted since the prior supplement to the Code of Ordinances of this Political Subdivision; and

WHEREAS, American Legal Publishing Corporation has recommended the revision or addition of certain sections of the Code of Ordinances which are based on or make reference to sections of the Minnesota code; and

WHEREAS, it is the intent of the city council to accept these updated sections in accordance with the changes of the law of the State of Minnesota; and

WHEREAS, it is necessary to provide for the usual daily operation of the municipality and for the immediate preservation of the public peace, health, safety and general welfare of the municipality that this ordinance take effect at an early date;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL FOR THE CITY OF MILACA:

Section 1. That the 2011 S-7 Supplement to the Code of Ordinance of the City of Milaca as submitted by American Legal Publishing Corporation of Cincinnati, Ohio, and as attached hereto, be and the same is hereby adopted by reference as if set out in its entirety.

Section 2. Such supplement shall be deemed published as of the day of its adoption and approval by the Milaca City Council, and the City Manager is hereby authorized and ordered to insert such supplement into the copy of the Code of Ordinances kept on file in the Office of the City Manager.

Section 3. This Ordinance is declared to be an emergency measure necessary for the immediate preservation of the peace, health, safety and general welfare of the people of this municipality, and shall take effect at the earliest date provided by law.

Passed this 21st day of April, 2011.

ATTEST

Mayor Harold Pedersen

Greg Lerud, City Manager

1st reading: April 21, 2011
2nd reading: April 21, 2011
Published:

RESOLUTION NO. 11 - 11
RESOLUTION APPROVING THE SALE BY THE CITY OF MILACA
OF REAL PROPERTY COMMONLY KNOWN
540 THIRD AVENUE SE, MILACA, MINNESOTA
WHICH PROPERTY IS LEGALLY DESCRIBED AS FOLLOWS:
SEE ATTACHED EXHIBIT A

RECITALS:

1. The Subject Property was offered to the public as a single family residential lot with a vacant house that needs to be demolished and properly disposed of. Specific conditions of sale were presented in writing.

2. James F. Gerads and Roxanne F. Gerads, husband and wife, of Foreston, Minnesota made the only offer for the Subject Property bidding \$2,751.00 and agreeing to comply with the other terms required by the City of Milaca.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILACA, as follows:

RESOLVED that the City of Milaca is authorized to sell the Subject Property to James F. Gerads and Roxanne F. Gerads ("Buyers") for the sum of \$2,751.00 and that upon demolition and cleanup of the Subject Property as required by the City Council, Harold Pedersen, Mayor and Greg Lerud, City Manager are hereby authorized and directed to execute all deeds and documents necessary to transfer the Subject Property to the Buyers. The delivery and recording of said documents of transfer shall constitute conclusive evidence that Buyers have complied with all terms and conditions of their bid and offer to purchase.

Adopted this 21st day of April, 2011.

Harold Pedersen, Mayor

ATTEST:

Greg Lerud, City Manager

CERTIFICATION

Greg Lerud, City Manager, City of Milaca, does hereby certify that the attached Resolution No. 11- 11, is a true and correct copy of said Resolution passed and adopted by the Milaca city Council on April, 21, 2011 executed by its Mayor, Harold Pedersen and Greg Lerud, City Manager.

Greg Lerud, City Manager,
City of Milaca

STATE OF MINNESOTA)
) SS:
COUNTY OF MILLE LACS)

I do hereby certify that the foregoing Certificate was executed before me on the _____ day of _____, 2011, by Greg Lerud, as City Manager of the City of Milaca, who did disclose that he executed the same as his free act and deed and as the free act and deed of the City of Milaca.

Notary Public

Drafted By:
Paul D. Dove
Dove Fretland & Van Valkenburg, PLLP
5881 Cedar Lake Road
Minneapolis, MN 55416
(952) 545-9000

Tax Statements Hereon Should be Sent to:
James F. and Roxanne F. Gerads

FORFEITED PROPERTY SALE
REQUEST FOR PROPOSAL

The City of Milaca is selling a single family lot with vacant house. Property address is 540 3rd Avenue SE, Milaca. The legal description is attached. The city encourages people interested in submitting a proposal to view the property on their own.

Conditions of the sale:

- Minimum bid is: \$2,750
- Bidder shall be responsible for all closing costs, fees, and taxes.
- Bidder shall be responsible for completely removing and properly disposing of the building(s), building contents, foundation(s), and properly abandoning the utilities, as well as any permits fees.
- All above-referenced work shall be completed by July 30, 2011.
- City shall provide a quit claim deed.
- Property is being sold "AS-IS."

At City's discretion, it may require escrowing funds to guarantee compliance with the conditions. Such escrow will be held by the city or title company and be used if the work is not completed by the due date, or to the satisfaction of the City.

PROPOSAL AMOUNT 2,751.00

SIGNATURE James Gerads

DATE 4-13-11

Name James Gerads

Proposals must be received by 4:00 p.m. April 1, 2011, and can be sent to:

Greg Lerud
City of Milaca
255 First Street East
Milaca, MN 56353

If there are any questions, please call Greg Lerud at (320) 983-3141.

MILACA ECONOMIC DEVELOPMENT COMMISSION MINUTES
MARCH 18, 2010

The meeting of the Milaca economic development commission was called to order at 7:35 a.m. by Chairman Joe Cronin. The following members were present: Kosbab, Maitland, Nelson, Muller, and Lerud.

The secretary's report was approved as read.

Lerud said progress on Teal's Market continues. He said he thought they were still going to be ready to open by mid-May.

A fact sheet regarding the Rum River Community Foundation was passed out. Lerud said this is going to be a handout for the EXPO and to provide basic information to people about the goals of the foundation.

Lerud distributed Census information that became available yesterday. He said he hadn't had an opportunity to look at the numbers in any detail, but the information is available at the census website. There was a discussion about the number.

The commission discussed the planned Rec Fest.

With no other business the meeting adjourned at 8:20 a.m.

Respectfully submitted,



Greg Lerud, Secretary

Milaca Economic Development Commission

MILACA ECONOMIC DEVELOPMENT COMMISSION MINUTES

APRIL 15, 2011

The meeting of the Milaca economic development commission was called to order at 7:35 a.m. by Chairman Joe Cronin. The following members were present: Dillan, Muller, Brown, Thomes, and Lerud.

The secretary's report was approved as read.

Lerud said at next Thursday's meeting, the city council will consider the tax increment agreement with Roger Teal in the development of the new grocery store. He explained what costs tax increment funds could be used for. Progress continues on schedule.

Chairman Cronin noted that the Mille Lacs County Times has been running an excellent series about the businesses in the city's industrial park. Dillan said the articles are well written. Cronin said they provided a good background to residents and other about what really happens in the industrial park.

Jeff Brown said the chamber board is going to be meeting with Grow Minnesota and seeing what they can do to help the chamber help area businesses. He said the chamber membership was up to 96.

With no other business the meeting adjourned to Teal's Market for a tour at 8:05 a.m.

Respectfully submitted,



Greg Lerud, Secretary

Milaca Economic Development Commission

Milaca Airport Advisory Commission
March 9th, 2011 Minutes

The meeting was called to order at 6:05pm by Ken Muller.

The February 9th 2011 minutes were read and approved.

Old Business:

- Ken was notified by Jerry Hanson that there is no funding for an aviation class so no class will be offered.
- There is no funding available from the city for MnDot C.I.P. projects.

New Business:

- Ken received an email from the St. Cloud State University and the St. Cloud area E.A.A. chapter for support to keep the Aviation course.
- Steve Burklund and Ken Muller will attend a March 17th meeting about airport security.
- We need to update our Airport master plan by 2012.

Steve Nelson made a motion to adjourn and was seconded by Leo Vos

Meeting was adjourned at 7:05 pm with members Ken Muller, Doug Olsten, Leo Vos and Steve Nelson present. Steve Burklund and Kelly Poshek were guests.

Respectfully submitted,
Steve Nelson.

Milaca Municipal Airport

Memo

This memo is to clarify the vehicle access, parking restrictions, and animal restrictions for Milaca Municipal Airport. Please help us in making this a safe airport and consider your neighbor when using the airport.

- **Vehicle Parking/Access:**

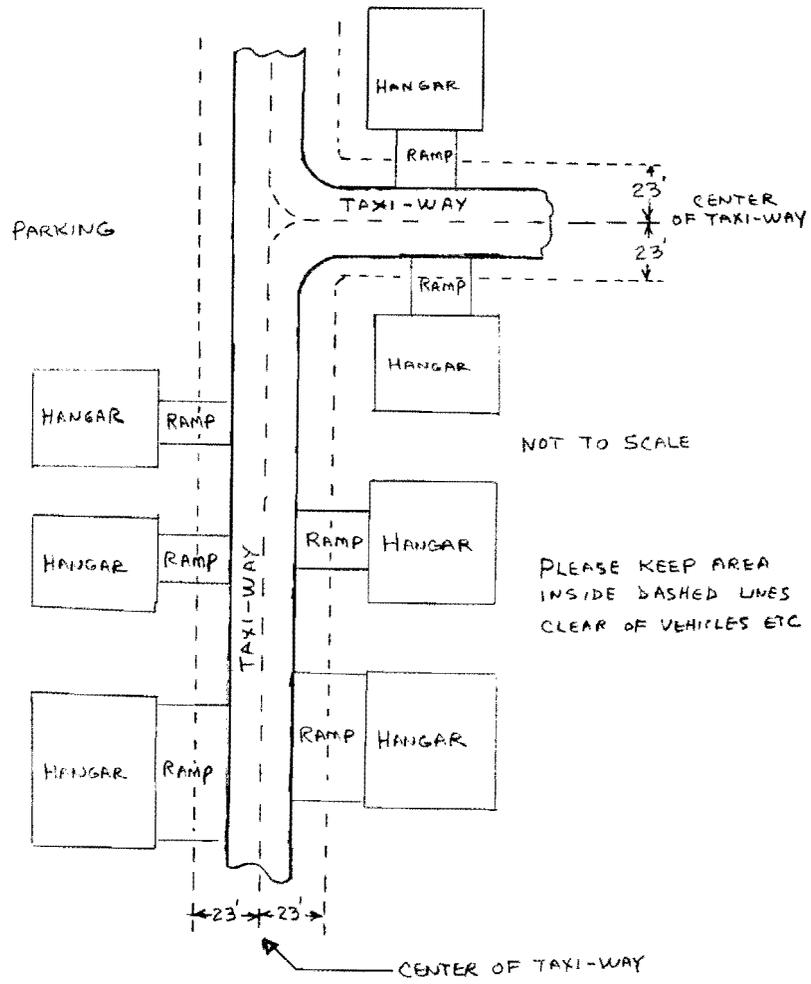
- Vehicle Access to the Hangars and Taxi-way is restricted to Pilots and Authorized Guests only.
- Parking in front of the A/D building is for short term only. If you require long term parking, please use the main parking lot.
- Do not park on your neighbor's ramp unless you have approval and keep taxi-way clearance.
- Please park alongside your hangar or keep at least 23 feet from the center of the taxi-way clear. (please see attached diagram) Some of the low-wing aircraft have up to a (40) foot wingspan.
- Tell your Guests that they must use the main parking lot if they cannot park clear of the taxi-way.

- **Driving on Taxi-way/Main Ramp**

- Aircraft have right of way on the Taxi-way. Pilots have limited visibility when taxiing, especially tail draggers, so we ask that you drive on the taxi-way only to get to your hangar and watch for Aircraft.
- All vehicles shall yield right of way to aircraft in motion and emergency vehicles.
- All vehicles shall pass no closer than one-hundred feet to the rear of taxiing aircraft.
- No vehicle shall approach closer than one-hundred feet to any aircraft whose engines are running, excluding ground service and emergency vehicles.

- **Animals (including pets)**

- Excluding American with Disabilities Act (ADA) and law enforcement requirements, no person shall enter any public building with any animal.
- No animals (excluding ADA requirements) are allowed within the AOA (Airport Operational Area) unless being transferred or shipped or under the control of their owner by leash, harness, restraining straps, or cage. Leashes, harnesses, and straps shall not exceed twelve (12) feet.
- Owners are responsible for the immediate removal and disposal of all waste products.



DEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF MILACA, MINNESOTA

AND

RDT PROPERTIES, LLC

DEVELOPMENT AGREEMENT

THIS AGREEMENT, made as of the 1st day of May, 2011, by and between the City of Milaca, Minnesota (the "City"), a municipal corporation and political subdivision organized and existing under the Constitution and laws of the State of Minnesota and RDT Properties, LLC (the "Developer"), a Minnesota limited liability company,

WITNESSETH:

WHEREAS, pursuant to Minnesota Statutes, Sections 469.124 through 469.134 (the "Municipal Development Act"), the City has form Municipal Development District No. 4 (the "Development District") and has adopted a development program therefor (the "Development Program") for the Development District which sets forth development objectives for the Development District. A major objective of the Development Program is to foster the development of suitable business facilities in the Development District; and

WHEREAS, pursuant to the provisions of Minnesota Statutes, sections 469.174 through 469.1799, as amended, (the "Tax Increment Act"), the City has created a tax increment financing district (the "Tax Increment District") designated as Tax Increment Financing District No. 4-10 (Teals Supervalu Project), a description of which district is attached hereto as Exhibit A and has adopted a tax increment financing plan (collectively, the "Tax Increment Financing Plan") therefore which provides for the use of tax increment financing in connection with development within the Development District; and

WHEREAS, in order to achieve the objectives of the Development Program and Tax Increment Financing Plan and particularly to make the land in the Development District available for development by private enterprise in conformance with the Development Program, the City has determined to authorize and issue a tax increment revenue note as set forth herein to provide substantial aid and assistance in connection with the Development Program through the tax increment financing of the Project to be undertaken by the Developer; and

WHEREAS, a major objective of the Development Program and Tax Increment Financing Plan is to assist in the redevelopment and development and prevent further deterioration of land located within the Development District; and

WHEREAS, the City believes that the development of a certain Project (as defined herein) and the construction of the Project, and fulfillment of this Agreement are vital and are in the best interests of the City and the health, safety, morals and welfare of residents of the City and in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Project has been undertaken and is being assisted; and

WHEREAS, the requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the Developer's investment in the purchase of the site and in site preparation is at least 70 percent of the assessor's current year's estimated market value; and

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All capitalized terms used and not otherwise defined herein shall have the following meanings unless a different meaning clearly appears from the context:

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

Available Tax Increments means 90% of the Tax Increments received by the City from the Development Property.

Business Day means any day other than Saturdays, Sundays and any “legal holiday”, which shall mean any state or federal holiday for which financial institutions or post offices are generally closed in the State of Minnesota for observance thereof. If any date herein set forth for the performance of any obligations by a party hereto or for the delivery of any instrument or notice as herein provided should be on a Saturday, Sunday or legal holiday, the compliance with such obligations or delivery shall ipso facto be extended to the next business day following such Saturday, Sunday or legal holiday.

City means the City of Milaca, Minnesota;

Condemnation Award means any compensation for a condemnation or transfer in relation to the exercise of a power of eminent domain;

Construction Mortgage means any mortgage or security agreement in which the Developer or a predecessor in interest has granted a mortgage or other security interest in the Development Property, or any portion or parcel thereof, or any improvements constructed thereon to secure any loan made pursuant to either a mortgage commitment obtained by the Developer from a governmental agency, commercial lender or other financial institution to fund any portion of the construction costs and initial operating capital requirements of the Project, or all such mortgages as appropriate.

Construction Plans means the plans, specifications, drawings and related documents of the construction work to be performed by the Developer on the Project and the Development Property and the plans (a) shall be as detailed as the plans, specifications drawings and related documents which are submitted to the building inspector of the City, (b) shall include at least the following: (1) site plan; (2) foundation plan; (3) basement plans; (4) floor plan for each floor; (5) cross sections of each (length and width); (6) elevations (all sides); (7) grading and drainage; and (8) landscape and (c) shall be approved by the City pursuant to Section 3.3;

County means Mille Lacs County, Minnesota;

Developer means RDT Properties, LLC., and its successors and assigns;

Development District means the real property located within Municipal Development District No. 4, which includes the Development Property;

Development Program means the development program approved in connection with the Development District;

Development Property means the real property legally described in Exhibit C of this Agreement;

Event of Default means any of the events described in Section 8.1;

Legal and Administrative Expenses means the fees or expenses incurred by the City in connection with the preparation of this Agreement, the establishment of the Tax Increment District and the administration of the Tax Increment Financing Plan, including, but not limited to, costs incurred in connection with recording the Assessment Agreement;

Payment Date means each February 1 and August 1 over a fifteen (15) year period commencing the August 1, 2012 and continuing through and including February 1, 2027; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day;

Project means the construction of a 31,000 square foot grocery store in the City by the Developer on the Development Property in accordance with the Construction Plans approved by the City;

Site Improvements means the demolition of the existing facilities, excavation, grading, filling, landscaping, sod, lawn sprinklers, outdoor lighting, fencing, curb and gutter, site concrete, utility improvements and extensions, and access and parking preparations to undertaken by the Developer on the Development Property;

State means the State of Minnesota;

Tax Increment Financing Plan means the tax increment financing plan for the Project approved for the Tax Increment District under the Tax Increment Act;

Tax Increments means the tax increments derived from the Development Property which have been received by the City in accordance with the provision of Minnesota Statutes, Section 469.177;

Termination Date means the date upon when this Agreement ceases to remain in effect either due to satisfaction of all conditions and obligations by the parties hereto, or due to default and exercise of appropriate remedies to cure the default;

TIF Note means the City's Tax Increment Revenue Note issued pursuant to Section 3.7 in substantially the form attached to this Agreement as Exhibit C;

Unavoidable Delays means delays, outside the control of the party claiming its occurrence, which are the direct result of strikes, other labor troubles, unusually severe or prolonged bad weather, acts of God, fire or other casualty to the Project, litigation commenced by third parties which, by injunction or other similar judicial action or by the exercise of reasonable discretion, directly results in delays, delays in delivery of materials for the Project, or acts of any federal, state or local governmental unit which directly result in delays.

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.1 Representations and Warranties of the City. The City makes the following representations, warranties and covenants:

(a) The City is a municipal corporation and political subdivision organized under the provisions of the Constitution and laws of the State of Minnesota and has the power to enter into this Agreement and carry out its obligations hereunder.

(b) The Tax Increment District is a “redevelopment district” within the meaning of Minnesota Statutes, section 469.174, subdivision 10, and was created, adopted and approved in accordance with the terms of the Tax Increment Act.

(c) The development contemplated by this Agreement is in conformance with the development objectives set forth in the Development Program and Tax Increment Financing Plan.

(d) To finance certain costs within the Tax Increment District, the City proposes, subject to the further provisions of this Agreement, to apply Tax Increments to reimburse the developer for land acquisition, demolition and site improvement expenses incurred in connection with the Project, this Agreement and the Tax Increment Financing Plan.

(e) The City makes no representation or warranty, either express or implied, as to the Development Property or its condition or the soil conditions thereon, or that the Development Property shall be suitable for the Developer’s purposes or needs.

Section 2.2 Representations and Warranties of the Developer. The Developer makes the following representations, warranties and covenants:

(a) The Developer has the power to enter into this Agreement and to perform its obligations hereunder and by entering into and performing its obligations under this Agreement the Developer will not be in violation of the its articles or bylaws or the laws of the State.

(b) The Developer will cause the Project to be constructed in accordance with the terms of this Agreement and the Tax Increment Financing Plan.

(c) The Developer will use its best efforts to obtain, or cause to be obtained, in a timely manner, all required permits, licenses and approvals, and will use its best efforts to obtain, or cause to be obtained, in a timely manner, required consents and authorizations of all applicable local, state, and federal authorities which must be obtained or met before the Project may be lawfully constructed.

(d) The Developer has not received any notice or communication from any local, state or federal official that the activities of the Developer or the City with respect to the Project may or will be in violation of any environmental law or regulation.

(e) The construction of the Project would not be undertaken by the Developer, and in the opinion of the Developer, would not be economically feasible within the reasonably foreseeable future, without the assistance and benefit provided for in this Agreement.

(f) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provision of any contractual restriction, evidence of indebtedness, agreement or instrument of whatever nature to which the Developer is now a party or by which it is bound, or constitutes a default under any of the foregoing.

(g) The execution and delivery of this Agreement will not create a conflict of interest prohibited by Minnesota Statutes, Section 412.311 as amended, or any successor statute.

(h) The Developer will cooperate fully with the City with respect to any litigation commenced with respect to the Project.

(i) The financing commitments which the Developer has obtained to finance construction of the Project, together with the equity funds available to the Developer, together with financing provided by be City pursuant to this Agreement, will be sufficient to enable the Developer to successfully complete the Project.

(j) The Developer will cooperate fully with the City in resolution of any traffic, parking, trash removal or public safety problems which may arise in connection with the construction and operation of the Project.

ARTICLE III

REIMBURSEMENT OF PROJECT COSTS

Section 3.1 Project and Site Improvements. The parties agree that the costs of land acquisition and the installation of the Site Improvements (the "Reimbursable Costs") are essential to the successful completion of the Project. The Reimbursable Costs shall be paid by the Developer. The City shall reimburse the Developer for up to \$400,000 of the Reimbursable Costs actually incurred and paid by the Developer (the "Reimbursement Amount") as further provided in Section 3.2. The City shall retain 10% of the Tax Increments to pay or reimburse itself for Legal and Administrative Expenses.

Section 3.2 Reimbursement of Reimbursable Costs.

(a) Provided that no Event of Default shall have occurred and be continuing hereunder and the Developer has met the foregoing conditions, the City shall reimburse the Developer the Reimbursement Amount through the issuance of the City's TIF Note in substantially the form attached to this Agreement as Exhibit C, subject to the following conditions:

(i) The Developer shall provide the City with paid invoices and receipts for Reimbursable Costs in an amount not less than the Reimbursement Amount;

(ii) The Developer shall be in material compliance with all the terms and provisions of this Agreement; and

(iii) The Developer shall have substantially completed construction of the Project in accordance with the Construction Plans as determined by the City's building inspector.

(iv) The TIF Note shall be issued and dated May 1, 2011, and delivered within 30 days of a determination by the City that the Developer has satisfied the conditions set forth above.

(v) The unpaid principal amount of the TIF Note shall bear simple, non-compounding interest from the date of issuance of the TIF Note, at 5.00% per annum. Interest shall be computed on the basis of a 360 day year consisting of twelve (12) 30-day months.

(vi) The principal amount of the TIF Note and the interest thereon shall be payable solely from the Available Tax Increments.

(vii) The payment dates of the TIF Note shall be the Payment Dates. On each Payment Date and subject to the provisions of the TIF Note, the City shall pay, against the principal and interest outstanding on the TIF Note, the Available Tax Increments received by the City during the preceding six months. All such payments shall be applied first to accrued interest and then to reduce the principal of the TIF Note.

(viii) The TIF Note shall be a special and limited obligation of the City and not a general obligation of the City, and only the Available Tax Increments shall be used to pay the principal of and interest on the TIF Note. If, on any Payment Date, the Available Tax Increments for the payment of the accrued and unpaid interest on the TIF Note are insufficient for such purposes, the difference shall be carried forward, without interest accruing thereon, and shall be paid if and to the extent that on a future Payment Date there are Available Tax Increments in excess of the amounts needed to pay the accrued interest then due on the TIF Note

(ix) The City's obligation to make payments on the TIF Note on any Payment Date or any date thereafter shall be conditioned upon the requirement that there shall not at that time be an Event of Default that has occurred and is continuing under this Agreement.

(x) The TIF Note shall be governed by and payable pursuant to the additional terms thereof, as set forth in Exhibit C. In the event of any conflict between the terms of the TIF Note and the terms of this Section 3.2(b), the terms of the TIF Note shall govern. The issuance of the TIF Note pursuant and subject to the terms of this Agreement, and the taking by the City of such additional actions as bond counsel for the TIF Note may require in connection therewith, are hereby authorized and approved by the City.

Section 3.3 Business Subsidies Act.

(a) The requirements of the Business Subsidy Law, Minnesota Statutes, Section 116J.993 through 116J.995, do not apply to this Agreement because the Developer's investment in the purchase of the site and in site preparation is at least 70 percent of the assessor's current year's estimated market value.

ARTICLE IV

CONSTRUCTION OF THE PROJECT

Section 4.1 Construction of Project. The Developer agrees that it will construct the Project on the Development Property in conformance the Construction Plans.

Section 4.2 Construction Plans. The Developer shall provide the Construction Plans to the City for review and approval in accordance with this Section 4.2. The Construction Plans shall provide for the Project to be constructed on the Development Property, and shall be in conformity with this Agreement, and all applicable federal, state and local laws and regulations. The City shall approve the Construction Plans in writing if: (a) the Construction Plans conform to the terms and conditions of this Agreement; (b) the Construction Plans conform to all applicable federal, state and local laws, ordinances, rules and regulations; (c) the Construction Plans are adequate for purposes of this Agreement to provide for the construction of the Project; and (d) no Event of Default under the terms of this Agreement has occurred; provided, however, that any such approval of the Construction Plans pursuant to this Section 4.2 shall constitute approval for the purposes of this Agreement only and shall not be deemed to constitute approval or waiver by the City with respect to any building, zoning or other ordinances or regulation of the City, and shall not be deemed to be sufficient plans to serve as the basis for the issuance of a building permit if the Construction Plans are not as detailed or complete as the plans otherwise required for the issuance of a building permit.

The Construction Plans must be rejected in writing by the City within sixty (60) days of submission or shall be deemed to have been approved by the City. If the City rejects the Construction Plans in whole or in part, the Developer shall submit new or corrected Construction Plans within sixty (60) days after receipt by the Developer of the written notification of the rejection and written statement of the City's reasons for such rejection. The provisions of this Section 4.2 relating to approval, rejection and resubmission of corrected Construction Plans shall continue to apply until the Construction Plans have been approved by the City; provided, however, that in any event the Developer shall submit Construction Plans which are approved prior to commencement of construction of the Project. Approval of the Construction Plans by the City shall not relieve the Developer of any obligation to comply with the terms and provisions of this Agreement, or the provision of applicable federal, state and local laws, ordinances and regulations, nor shall approval of the Construction Plans by the City be deemed to constitute a waiver of any Event of Default.

If the Developer desires to make any material modification to the scope, size or use of the Project or to the site plan therefore after the Construction Plans have been approved by the City, the Developer shall submit the proposed revised Construction Plans to the City for its approval. If such material change in the Construction Plans conforms to the approval criteria listed in this Section 4.2 with respect to the original Construction Plans, the revised Construction Plans shall be deemed approved by the City unless rejected in writing within thirty (30) days by the City with a written statement of the City's reasons for such rejection. If the Developer desires to make any change which does not materially modify the scope, size or use of the Project or the site plan therefore, the Construction Plans need not be resubmitted.

Approval of Construction Plans hereunder is solely for purposes of this Agreement and shall not constitute approval for any other City purpose.

Section 4.3 Commencement and Completion of Construction. The Developer shall cause construction of the Project to be commenced on or before December 1, 2010, and, subject to Unavoidable Delays, the Developer shall substantially complete the Project on or before by December 31, 2011. All work with respect to the Project to be constructed or provided by the Developer on the Development Property shall be in substantial conformity with the Construction Plans as submitted by the Developer and approved by the City.

The Developer agrees that it shall cause designated representative of the City to be allowed to enter upon the Development Property during the construction of the Project to inspect such construction during normal working hours, on reasonable advance written notice of such inspection.

ARTICLE V

OTHER COVENANTS

Section 5.1 Real Property Taxes. The Developer acknowledges that it is obligated under law to pay all real property taxes payable with respect to the Development Property and pursuant to the provisions of the Agreement and pursuant to the provisions of the Assessment Agreement and any other statutory or contractual duty that shall accrue subsequent to the date of its acquisition of title to the Development Property and until the Developer's obligations have been assumed by any other person with the written consent of the City and pursuant to the provisions of this Agreement.

The Developer agrees that prior to the Termination Date:

(a) It will not seek administrative review or judicial review of the applicability of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the inapplicability of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(b) It will not seek administrative review or judicial review of the constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Project or the Developer or raise the unconstitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; provided, however, "tax statute" does not include any local ordinance or resolution levying a tax;

(c) It will not seek any tax deferral or abatement, either presently or prospectively authorized under any other State or federal law, of the taxation of real property contained in the Development Property between the date of execution of this Agreement and the Termination Date.

ARTICLE VI

CHANGE IN USE OF PROJECT; PROHIBITIONS AGAINST ASSIGNMENT AND TRANSFER; INDEMNIFICATION

Section 6.1 Change in Use of Project. The Developer agrees that for itself, and its successors and assigns, it shall devote the Development Property to, and in accordance with, the uses specified in this Agreement. The Developer warrants the continued use of the Development Property as a grocery store, unless the City first approves any change in use in writing.

Section 6.2 Prohibition against Transfer of Property and Assignment of Agreement. The Developer represents and agrees that prior to the Termination Date of this Agreement the Developer shall not transfer in any form the Development Property or any part thereof or any interest therein, or assign this Agreement or the TIF Note or enter into any contract or agreement to do any of the same (a "Transfer of Development Obligations") without the prior written approval of the City. A Transfer of Development Obligations to any party will require City approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be subject to the following conditions:

(a) Any proposed transferee shall have the qualifications and financial responsibility, in the reasonable judgment of the City, necessary and adequate to fulfill the obligations undertaken in this Agreement by the Developer. It shall be unreasonable for the City to withhold its consent pursuant to the factors in this Section 7.2, if the proposed transferee (a) is an entity that has reasonably sufficient experience in developments such as the Project and has assets reasonably sufficient to complete the Project, or (b) is willing to provide a payment and performance bond;

(b) Any proposed transferee, by instrument in writing reasonably satisfactory to the City and in form recordable among the land records, shall, for itself and its successors and assigns, and expressly for the benefit of the City, have expressly assumed all of the obligations of the Developer under this Agreement and agreed to be subject to all the conditions and restrictions to which the Developer is subject pursuant to this Agreement; and

(c) There shall be submitted to the City for review and prior written approval, all instruments and other legal documents involved in effecting the transfer of any interest in this Agreement or the Development Property (which shall be kept confidential by the City to the extent permitted by law).

Upon any (a) Transfer of Development Obligations that is approved by the City pursuant to the foregoing provisions, and (b) the assumption of the obligations under this Agreement by the transferee, then (i) the TIF Note shall be deemed to run in favor of such transferee upon assignment in accordance with its terms, and (ii) the assigning Developer shall have no obligation as to any liabilities that arise from and after the date of the such transfer under this Agreement.

Section 6.3 Release and Indemnification Covenants.

(a) The Developer releases from and covenants and agrees that the City, its governing body members, officers, agents, including the independent contractors, consultants

and legal counsel, servants and employees thereof (hereinafter, for purposes of this Section, collectively the "Indemnified Parties") shall not be liable for and agrees to indemnify and hold harmless the Indemnified Parties against any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Project, provided that the foregoing indemnification shall not be effective for any actions of the Indemnified Parties that are not contemplated by this Agreement, and shall not relate to any event or occurrence that is a breach of the explicit representations or warranties of the City pursuant to this Agreement.

(b) Except for any willful misrepresentation or any willful or wanton misconduct of the Indemnified Parties, the Developer agrees to protect and defend the Indemnified Parties, now and forever, and further agrees to hold the aforesaid harmless from any claim, demand, suit, action or other proceeding whatsoever by any person or entity whatsoever arising or purportedly arising from the actions or inactions of the Developer (or if other persons acting on its behalf or under its direction or control) under this Agreement, or the transactions contemplated hereby or the acquisition, construction, installation, ownership, and operation of the Project.

(c) All covenants, stipulations, promises, agreements and obligations of the City contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not of any governing body member, officer, agent, servant or employee of the City, as the case may be.

ARTICLE VII

DEVELOPER EVENTS OF DEFAULT

Section 7.1 Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean whenever it is used in this Agreement any one or more of the following events:

(a) Failure by the Developer to timely pay any ad valorem real property taxes or special assessments assessed with respect to the Development Property.

(b) Failure by the Developer to cause the construction of the Project to be completed pursuant to the terms, conditions and limitations of this Agreement.

(c) The holder of any mortgage on the Development Property or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents.

(d) Failure by the Developer to substantially observe or perform any other covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

(e) If the Developer shall;

(i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended or under any similar federal or state law; or

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

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

(iv) be adjudicated a bankrupt or insolvent; or if a petition or answer proposing the adjudication of the Developer, as a bankrupt or its reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of the Developer, or of the Project, or part thereof, shall be appointed in any proceeding brought against the Developer, and shall not be discharged within ninety (90) days after such appointment, or if the Developer, shall consent to or acquiesce in such appointment.

Section 7.2 Remedies on Default. Whenever any Event of Default referred to in Section 8.1 occurs and is continuing, the City may take any one or more of the following actions after the giving of thirty (30) days’ written notice to the other, but only if the Event of Default has not been cured within said thirty (30) days.

(a) the City may suspend its performance under this Agreement and the TIF Note until it receives assurances from the Developer, deemed adequate by the City, that the Developer will cure the default and continue its performance under this Agreement;

(b) the City may cancel and rescind this Agreement and the TIF Note;

(c) the City may take any action, including legal or administrative action, in law or equity, which may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement.

Section 7.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute to the extent provided herein. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

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

Section 7.5 Agreement to Pay Attorney's Fees and Expenses. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer herein contained, the Developer agrees that it shall, on demand therefore, pay to City the reasonable fees of such attorneys and such other expenses so incurred by the City.

ARTICLE VIII

ADDITIONAL PROVISIONS

Section 1.1 Conflicts of Interest. No member of the governing body or other official of the City shall participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. No member, official or employee of the City shall be personally liable to the City in the event of any default or breach by the Developer or successor or on any obligations under the terms of this Agreement.

Section 1.2 Titles of Articles and Sections. Any titles of the several parts, articles and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 1.3 Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand or other communication under this Agreement by any party to any other shall be sufficiently given or delivered if it is dispatched by overnight courier; registered or certified mail, postage prepaid, return receipt requested; or delivered personally, and

- (a) in the case of the Developer is addressed to or delivered personally to:

RDT Properties, LLC

- (b) in the case of the City is addressed to or delivered personally to the City

at:

City of Milaca, Minnesota
255 First Street East
Milaca, MN 56353
Attn: City Manager

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

Section 1.4 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 1.5 Law Governing. This Agreement will be governed and construed in accordance with the laws of the State of Minnesota.

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

CITY OF MILACA, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

RDT PROPERTIES, LLC.

By Roan O'Leary
Its President

This is a signature page to the Development Agreement by and between the City of Milaca, Minnesota and RDT Properties, LLC.

EXHIBIT A

DESCRIPTION OF TAX INCREMENT DISTRICT

Block 3, Milaca Original

21.040.0260	Lot 1, Bk 3 ex N 2.5Ft
21.040.0270	N 2.5 Lot 1 & So24'8" Lot 2
21.040.0280	So 20'10" of N41' Lot 2
21.040.0290	N 20'6" Lot 2
21.040.0300	Lot 3
21.040.0310	Lot 4 ex N 33'
21.040.0315	N 33' Lot 4
21.040.0320	N 33' Lot 5
21.040.0330	S 33' Lot 5
21.040.0340	~ N 23.3' Lot 6
21.040.0350	Ex N 23 and Ex S 24' Lot 6
21.040.0360	S24' Lot 6
21.040.0370	E 92' Lot 7 & N 12.5'E92' Lot 8
21.040.0380	W 56.5' Lot 7 & N 25' Lot 8 Ex above
21.040.0390	Lot 8 ex N 215', Lot 9, Vac Alley
21.040.0395	~ 3' vacated street adj lots 8-11
21.040.0400	Lot 10 plus N half Lot 11 plus par vac street
21.040.0401	Lot 12 plus N half Lot 11

Vacated Block 4, Milaca Original

21.040.0420	S118.5 of N 152.5 Bk 4
21.040.0430	S66 of N 280.5
21.040.0440	S45.5 of N 198
21.040.0445	S 16.5 of N 214.5
21.040.0450	N 31 of S 132
21.040.0460	N48 of S 101
21.040.0470	S53 Ex N35 of E 50 plus vac Street
21.040.0480	No 35 of S 53 of E 50

Block 7, First Addition to Milaca

21.041.0240	w 38' Lot 1
21.041.0250	Lot 1 ex w 38" & S 26' Lot 2
21.041.0260	Lot 2 ex S26' & S 22' Lot 3
21.041.0270	Lot 3 ex S 22'
21.041.0280	Lot 4
21.041.0290	E 25' Lot 6 & N 11 of E 25 Lot 5 ~ W25 of E 50 Lot 6 and same for N 11 of
21.041.0300	Lot 5 So 32.81' Lot 5 plus E47' of S21' of N33' Lot
21.041.0310	5
21.041.0330	W38' of E83' of N33 Lot 5
21.041.0340	W25' of N33' of Lot 5 & W 25' of Lot 6 E40.5 of W 65.5 of N 33 Lot 5 & E20 of W
21.041.0350	65 Lot 6

21.041.0360	E20.5 of W 45..5 Lot 6
21.041.0370	E38' Lot 7
	S26 of N54 of W1/2 Lot 7 & W36' of E 1/2
21.041.0380	Lot 7
21.041.0390	N 28'ofW74 Lot 7
21.041.0400	S12 of W74Lot 7 & N 16 Loit 8
21.041.0410	S50'Lot 8
21.041.0430	Lot 9
21.041.0440	Lot 10
21.041.0460	N 20 Lot 11
21.041.0470	N 20 of S 46 Lot 11
21.041.0480	Lot 12 & S 13 of E74.5 of 11
21.041.0490	S26 of E74 Lot 11

Block 16, Second Addition to Milaca

21.042.0650	Lot 1
21.042.0660	Lot 2
21.042.0670	Lot 3
21.042.0680	Lot 4
21.042.0690	~ N 27 Lot 5 & W 63 Lot 6
21.042.0695	
21.042.0700	S 39' Lot 5
21.042.0710	Lot 7
21.042.0720	Lot 8 ex S 44
21.042.0730	S44 Lot 8
21.042.0740	Lot 9 and vac alley behind 9 & 10
21.042.0750	Lot 11
21.042.0760	Lot 12

EXHIBIT B

DESCRIPTION OF DEVELOPMENT PROPERTY

Block 16, Second Addition to Milaca

21.042.0680	Lot 4
21.042.0690	~ N 27 Lot 5 & W 63 Lot 6
21.042.0695	
21.042.0700	S 39' Lot 5
21.042.0710	Lot 7
21.042.0720	Lot 8 ex S 44
21.042.0730	S44 Lot 8
21.042.0740	Lot 9 and vac alley behind 9 & 10
21.042.0750	Lot 11

EXHIBIT C

FORM OF TAX INCREMENT REVENUE NOTE

No. R-1

\$400,000

UNITED STATES OF AMERICA
STATE OF MINNESOTA
COUNTY OF MILLE-LACS
CITY OF MILACA

TAX INCREMENT REVENUE NOTE
(RDT PROPERTIES, LLC PROJECT)

The City of Milaca, Minnesota (the "City"), hereby acknowledges itself to be indebted and, for value received, hereby promises to pay the amounts hereinafter described (the "Payment Amounts") to RDT Properties, LLC. (the "Developer") or any Successor Holder (as defined below), but only in the manner, at the times, from the sources of revenue, and to the extent hereinafter provided.

The principal amount of this Note shall equal from time to time the principal amount stated above, as reduced to the extent that such principal installments shall have been paid in whole or in part pursuant to the terms hereof; provided that the sum of the principal amount listed above shall in no event exceed \$400,000 as provided in that certain Development Agreement, dated as of August 5, 2008, by and between the City and the Developer, as the same may be amended from time to time (the "Development Agreement"). The unpaid principal amount hereof shall bear simple, compounding interest from the date hereof at the rate of five percent (5.00%) per annum, compounding semi-annually. Interest shall be computed on the basis of a 360-day year of twelve (12) 30-day months.

The amounts due under this Note shall be made each February 1 and August 1 of each year commencing August 1, 2012; provided, that if any such Payment Date should not be a Business Day, the Payment Date shall be the next succeeding Business Day (the "Payment Date"). On each Payment Date the City shall pay by check or draft mailed to the person that was the Developer or Successor Holder of this Note at the close of the last business day of the City preceding such Payment Date an amount equal to the sum of the Available Tax Increments (hereinafter defined) received by the City during the six month period preceding such Payment Date. All payments made by the City under this Note shall first be applied to accrued interest and then to principal.

This Note shall terminate and be of no further force and effect following the earlier of (i) the 30th semiannual Payment Date, (ii) February 1, 2027 (iii) any date upon which the City shall have terminated the Development Agreement under Section 8.2(b) thereof, (iv) on the date that all principal and interest payable hereunder shall have been paid in full, or (v) the date on which the Tax Increment District expires or is otherwise terminated (the "Final Payment Date"). This Note may be prepaid in whole or in part at any time without penalty.

The Payment Amounts due hereon shall be payable solely from 90% of the tax increments (the "Tax Increments") from the Development Property within the City's Tax Increment Financing District No. 4-10 (the "Tax Increment District") within its Municipal Development District No. 4 which are paid to the City and which the City is entitled to retain pursuant to the provisions of Minnesota Statutes, Sections 469.174 through 469.1799, as the same may be amended or supplemented from time to time (the "Tax Increment Act").

The City makes no representation or covenant, express or implied, that the Available Tax Increments will be sufficient to pay, in whole or in part, the amounts which are or may become due and payable hereunder.

The City's payment obligations hereunder shall be further conditioned on the fact that no Event of Default under the Development Agreement shall have occurred and be continuing at the time payment is otherwise due hereunder, but such unpaid amounts shall become payable if said Event of Default shall thereafter have been cured; and, further, if pursuant to the occurrence of an Event of Default under the Development Agreement the City elects to cancel and rescind the Development Agreement, the City shall have no further debt or obligation under this Note whatsoever. Reference is hereby made to all of the provisions of the Development Agreement, including without limitation Section 3.2(b) thereof, for a fuller statement of the rights and obligations of the City to pay the principal of this Note, and said provisions are hereby incorporated into this Note as though set out in full herein.

This Note is a special, limited revenue obligation and not a general obligation of the City and is payable by the City only from the sources and subject to the qualifications stated or referenced herein. This Note is not a general obligation of the City, and neither the full faith and credit nor the taxing powers of the City are pledged to the payment of the principal of this Note and no property or other asset of the City, save and except the above-referenced Tax Increments, is or shall be a source of payment of the City's obligations hereunder.

This Note is issued by the City in aid of financing a project pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including the Tax Increment Act.

This Note may be assigned only to transferees permitted or deemed to be permitted pursuant to the Development Agreement (such permitted successors are referred to as "Successor Holders"), and any permitted assignment of the rights and obligations of the Development Agreement shall be deemed to be an assignment of the benefits of the Developer pursuant to this Note. In order to assign the Note, the assignee shall surrender the same to the City either in exchange for a new fully registered note or for transfer of this Note on the registration records for the Note maintained by the City. Each permitted assignee shall take this Note subject to the foregoing conditions and subject to all provisions stated or referenced herein.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to have happened, and to be performed precedent to and in the issuance of this Note have been done, have happened, and have been performed in regular and due form, time, and manner as required by law; and that this Note, together with all other indebtedness of the City outstanding on the date

hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation thereon.

IN WITNESS WHEREOF, the City of Milaca, Minnesota, by its City Council, has caused this Note to be executed by the manual signatures of its Mayor and City Manager and has caused this Note to be dated as of May 1, 2011.

Mayor

City Manager

CERTIFICATION OF REGISTRATION

It is hereby certified that the foregoing Note, as originally issued on May 1, 2011, was on said date registered in the name of RDT Properties, LLC and that, at the request of the Registered Owner of this Note, the undersigned has this day registered the Note in the name of such Registered Owner, as indicated in the registration blank below, on the books kept by the undersigned for such purposes.

NAME AND ADDRESS OF
REGISTERED OWNER

DATE OF
REGISTRATION

SIGNATURE OF
CITY MANAGER

RDT Properties, LLC
Milaca, Minnesota 56353

_____	_____	_____
_____	_____	_____
_____	_____	_____