

**MINUTES OF THE REGULAR MEETING OF BOARD
MEMBERS OF
LAKE WASHINGTON SANITARY DISTRICT
August 23, 2004**

1. Call to Order

Larry Maruska called the regular meeting of the Board to order at 7:00 p.m. on Monday, August 23, 2004, at the Lake Washington County Park Community Building, 47102 Washington Park Road, Kasota, MN 56050.

2. Roll Call

Present: Robert Bieraugel, Jerry Kallheim George Warrant, Art Zuhlsdorf, and Larry Maruska.

3. Review and approval of agenda

Resolution 04.180: Robert Bieraugel moved to approve the agenda. Seconded by George Warrant. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent.

4. Review and Approval of the Minutes

a. August 9, 2004 Regular Meeting

Resolution 04.181: Jerry Kallheim moved to approve the minutes of the August 9, 2004 Regular meeting. Seconded by Art Zuhlsdorf. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent.

b. August 16, 2004 Regular Meeting

Resolution 04.182: Robert Bieraugel moved to approve the minutes of the August 16, 2004 Regular meeting. Seconded by George Warrant. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent.

5. Officers Reports

a. Chairperson – Larry Maruska

- Reported meeting with Jon Peterson, Del Vulcan, Chuck Pettipiece, Jerry Kallheim, and Jim Deike at the Bolton and Menk, Inc. office to review the preliminary assessment roll.

b. Vice Chairperson – Jerry Kallheim

- No Report.

c. Treasurer – George Warrant

- Reported the balance of the checking account as of August 23, 2004 is \$355,761.98.
- Invoice received from Blethen Gage & Krause the amount of \$2,395.30.
- Invoice received from Blethen Gage & Krause in the amount of \$5,261.96
- Invoice received from Blue Earth County in the amount of \$22.66.
- Invoice received from Commercial Furniture in the amount of \$937.32.
- Invoice received from James Deike in the amount of \$534.31.
- Invoice received from Beth Pooley in the amount of \$113.50.
- Bills totaling \$9,265.05.

Resolution 04.183: George Warrant moved to approve payment of the bills. Seconded by Robert Bieraugel. Motion passed by a vote of 5 in favor, 0 against, 0, abstained, and 0 absent.

- Total cash assets remaining after payment of the bills, and including the Northland Securities Debt Service account of \$11,997.00 will be \$358,493.93.

d. Secretary – James Deike

- Read the letter from Mike Karp to the Connor’s Point Cooperative Association.
- Received documents from US Bancorp for the additional collateral need for the District checking account. The agreement form was completed and returned to the bank.
- Received letter from US Bancorp dated August 19, 2004, changing the security for the collateral.
- Received the transcript for the Public Hearing August 9, 2004.

6. Open Forum for Constituents

- None.

7. Old Business

a. Engineering / Construction Progress

- GM Contracting began boring today. There will be a second boring machine starting next week. Each machine has the ability to bore approximately 1000 feet per day. Del Vulcan distributed a Memo regarding his meeting with Le Sueur County about certain properties in the project, for review.
- b. Application for duel grinder on Bakers Bay Road (signed addendum)**
- No Report.
- c. Operation and Maintenance Contract / Connection Fee**
- The responses to the Request For Proposal, is due on Tuesday August 24, 2004.
- d. Review Ordinances**
- Ordinance 2003-1 Section 1.03 Subdivision 6 may need some language changes.
- e. Review Preliminary Assessment Roll**
- Various properties reviewed on the Preliminary Assessment Roll, with changes being made.
 - The public notice is in the August 23, 2004 Mankato Free Press.
- f. Consider Resolution 04.177-A**
- The resolution was presented and reviewed. Language changes were made to the original resolution 04.117.

Resolution 04.177-A: Jerry Kallheim moved to approve the Resolution Calling For Hearing On Preliminary Assessment 2003 Sanitary Sewer Improvement Project. Seconded by Robert Bieraugel. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent. (resolution attached)

g. Consider Resolution for Bond Reimbursement

- The resolution was presented and reviewed for establishing Reimbursement of a possible Bond.

Resolution 04.184: Robert Bieraugel moved to approve the Resolution Establishing Procedures Relating To Compliance With Reimbursement Bond Regulations Under the Internal Revenue Code. Seconded by Jerry Kallheim. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent. (resolution attached)

h. Review letter to Property Owners for Notification of Public Hearing

- The draft letter was reviewed for approval.

Resolution 04.185: Art Zuhlsdorf moved to approve the Letter to Property Owners, including the amount of \$15,000.00 for the estimated average assessment. Seconded by Robert Bieraugel. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent.

i. Review the 2004-2005 calendar of events

- The calendar was reviewed with no changes being made.

j. Other

- The amended agreement between the District, and the properties located at 4300 Linder Bay Lane, through 4334 Linder Bay Lane, gravity collector pipe, was distributed and reviewed.

8. New Business

a. Discuss user rates

- No report.

b. 2005 Insurance application / resolution to complete and forward to LMCIT

Resolution 04.186: Jerry Kallheim moved to approve the completion of the application and forward to the League of Minnesota Cities Insurance Trust. Seconded by George Warrant. Motion passed by a vote of 5 in favor, 0 against, 0 abstained, and 0 absent.

c. Hickory Tech

- Larry Maruska reported having a conference call with Hickory Tech, requesting to be a part of the District construction project. Received a letter from Hickory Tech withdrawing its request.

d. Other

- The draft of the Camp Patterson Easement was distributed and reviewed.

9. Discuss Agenda for September 7, 2004 meeting

- The agenda will be set this week.

10. Adjournment

Robert Bieraugel moved to adjourn the meeting. The meeting was adjourned at 9:07 p.m.

Respectfully Submitted,

/s/ James Deike

James Deike

Secretary of the Lake Washington Sanitary District

RESOLUTION NO. 04.177-A

LAKE WASHINGTON SANITARY DISTRICT
RESOLUTION CALLING FOR HEARING
ON PRELIMINARY ASSESSMENT
2003 SANITARY SEWER IMPROVEMENT PROJECT

WHEREAS, the District Board of Lake Washington Sanitary District (the "District") has received the preliminary assessment roll for the 2003 Sanitary Sewer Improvement Project, prepared by its engineers, Bolton & Menk, Inc.; and

WHEREAS, the District Board of the District deems it necessary and desirable to schedule a public hearing to hear all written or oral objections to the preliminary assessment roll; and

WHEREAS, the District Board of the District deems it necessary and desirable to schedule a public hearing on the preliminary assessment roll for Monday, September 27, 2004, at the Kasota Community Center, 200 North Webster Street, Kasota, Minnesota 56050, at 7:00 p.m., or as soon thereafter as the public may be heard.

WHEREAS, pursuant to Resolution No. 04.177, the District Board of the District adopted resolutions calling for a public hearing on the preliminary assessment roll, but Resolution No. 04.177 contained certain typographical errors, and this Resolution has been proposed to correct those errors.

NOW, THEREFORE, BE IT RESOLVED by the District Board of the District as follows:

1. A public hearing on the preliminary assessment roll for the 2003 Sanitary Sewer Improvement Project will be held on Monday, September 27, 2004, at the Kasota Community Center, 200 North Webster Street, Kasota, Minnesota 56050, at 7:00 p.m., or as soon thereafter as the public may be heard, as set forth in the Notice of Public Hearing attached hereto as Exhibit A.

2. The Notice of Public Hearing upon the preliminary assessment roll for the 2003 Sanitary Sewer Improvement Project shall be in substantially the form contained in the Notice of Public Hearing attached hereto as Exhibit A.

3. The Secretary of the District is hereby authorized and directed to cause notice of said hearing to be given in at least one publication in the official newspaper. Said publication shall be made at least two (2) weeks prior to the date of the hearing. Not less than two (2) weeks prior to the hearing, the Secretary shall mail notice of the hearing to each owner of each parcel of land within the area proposed to be assessed as described in the notice. For purpose of giving such mailed notice, owners shall be those shown to be such on the records of the County Auditor or, if the tax statements in the county are mailed by the County Treasurer, on the records of the County Auditor or the County

Treasurer, and the Secretary of the District shall ascertain such ownership by all practicable means, and give mailed notice to all such owners.

Dated this 23rd day of August, 2004.

LAKE WASHINGTON SANITARY
DISTRICT

By: /s/ Larry Maruska
Its: Chairman

ATTEST:

By: /s/ James Deike
James Deike
Its: Secretary

I, James Deike, Secretary of the Lake Washington Sanitary District, do hereby certify that the foregoing Resolution was moved for adoption by Board member Jerry Kallheim and seconded by Board member Robert Bieraugel and, upon vote being taken thereon, the foregoing resolution was passed by a vote of 5 in favor 0 and against, with 0 abstained.

Dated this 23rd day of August, 2004.

/s/ James Deike
James Deike, Secretary

**NOTICE OF PUBLIC HEARING UPON
PRELIMINARY ASSESSMENT FOR 2003
SANITARY SEWER IMPROVEMENT PROJECT
LAKE WASHINGTON SANITARY DISTRICT**

NOTICE IS HEREBY GIVEN that the District Board of Lake Washington Sanitary District (the "District") will hold a public hearing at the Kasota Community Center, 200 North Webster Street, Kasota, Minnesota 56050, at 7:00 p.m., or as soon thereafter as the public may be heard, on Monday, September 27, 2004, to consider the preliminary assessment for the 2003 Sanitary Sewer Improvement Project for the District, described as follows:

Installation of pressurized sewer lines, collector stations and pressure grinder pumps, including the excavation, erection, construction, installation and laying of a sewage collection and transmission system, including all necessary pipes, lines, laterals, services, sewer control services, pumping stations, tanks, inlet and discharge piping, electrical pump lines, facilities or systems and appurtenances thereto.

The estimated cost of the improvement is \$6,690,000.00.

The area proposed to be assessed includes all property within the boundaries of the District.

The preliminary assessment roll is on file for public inspection at the office of the District Secretary. The preliminary assessment roll will also be available for review from 5:00 p.m. to 6:30 p.m. at the Kasota Community Center on the day of the hearing. Written or oral objections will be considered at the hearing. If you have any objection to the preliminary assessment on your property, you must either present a written objection, signed by an owner, and file with the District Secretary, 1829 First Avenue, Mankato, Minnesota 56001, and/or appear at the hearing and personally object to the preliminary assessment before the District.

No appeal to district court may be taken as to the amount of any final assessment adopted unless such a written objection thereto has been presented to the District by filing such written objection with the District Secretary before the meeting or presenting a written objection at the meeting, unless such failure to object is due to reasonable cause. Note, while oral objections at the meeting will be considered, you must also object in writing in order to preserve your right to appeal the amount of a special assessment to district court. Appeal to district court may be made by serving notice upon the Chairman or Secretary of the District within thirty (30) days after the adoption of the final assessment and filing such notice with the district court within ten (10) days after service upon the Chairman or Secretary.

The owner of any property so assessed may, at any time prior to certification of

the final assessment to the County Auditor, pay the whole of the assessment against any parcel, with interest accrued from the date of billing to the date of payment, to the District Treasurer. Assessments paid within thirty (30) days of billing or adoption of the final assessment roll shall bear no interest. Partial prepayment of special assessments has not been authorized.

The amount estimated to be specially assessed against each particular lot, piece or parcel of land is set forth in the preliminary assessment roll. This hearing is preliminary in nature and the District Board of the District does not intend to adopt a final assessment except upon notice duly given pursuant to Minnesota Statutes § 429.061. Upon adoption of any final assessment, any property owner may prepay the entire assessment amount by submitting such payment to the office of the District Secretary, as set forth above.

If the assessment is not prepaid, such assessment shall be payable in equal annual installments extending over a period of 18 years, the first said installment to be payable on or before the first Monday in January, 2005, collectible with property taxes, or at such time as is set forth in the District Board resolution adopting the final assessment. It is anticipated that any installments shall bear interest at the rate of 3.48% per annum. To each installment, when due, shall be added interest for one (1) year on all unpaid installments.

Under the provisions of Minnesota Statutes, Sections 435.193 to 435.195, the District may, at its discretion, defer the payment of assessments for any homestead property owned by a person 65 years of age or older for whom it would be a hardship to make the payments. However, the District has elected not to establish any deferral procedure pursuant to those sections. This deferral does not eliminate or reduce the assessment amount; just that the qualifying property need not pay the amount due until the homestead status or deferral is no longer established. The 3.48% simple interest does accrue annually during the term of the deferral.

The preliminary assessment roll now on file at the office of the District Secretary is a description of the area and tracts of land to be assessed with the amount assessed against each tract and the name of the owners so far as known. Inquiries regarding this proposed special assessment should be made to the District Secretary, (507) 345-3354.

Dated this 9th day of August, 2004.

LAKE WASHINGTON SANITARY
DISTRICT

By: /s/ Larry Maruska
Lawrence Maruska
Its: Chairman

ATTEST:

By: /s/ James Deike
James Deike
Its: Secretary

RESOLUTION NO. 04 - 184

LAKE WASHINGTON SANITARY DISTRICT

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

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

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

WHEREAS, the District heretofore implemented procedures for compliance with the predecessor versions of the Regulations and desires to amend and supplement those procedures to ensure compliance with the Regulations; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board of Managers (the "Board") of Lake Washington Sanitary District, Minnesota (the "District"), as follows:

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

- (a) Each Declaration shall be made not later than 60 days after payment of the applicable project cost and shall state that the District reasonably expects

to reimburse itself for the expenditure out of the proceeds of a bond issue or similar borrowing. Each Declaration may be made substantially in the form of the Exhibit A, which is attached to and made a part of this Resolution, or in any other format which may at the time comply with the Regulations.

- (b) Each Declaration shall (1) contain a reasonably accurate description of the "project," as defined in the Regulations (which may include the property or program to be financed, as applicable), to which the expenditure relates and (2) state the maximum principal amount of bonding expected to be issued for that project.
- (c) Care shall be taken so that the District, or its authorized representatives under this Resolution, not make Declarations in cases where the District doesn't reasonably expect that reimbursement bonds will be issued to finance the subject project costs, and the District officials are hereby authorized to consult with bond counsel to the District concerning the requirements of the Regulations and their application in particular circumstances.
- (d) The Board shall be advised from time to time on the desirability and timing of the issuance of reimbursement bonds relating to project expenditures for which the District has made Declarations.

2. Reimbursement Allocations. If the District is acting as the issuer of the reimbursement bonds, the designated District officials shall also be responsible for making the "reimbursement allocations" described in the Regulations, being generally written allocations that evidence the District's use of the applicable bond proceeds to reimburse the original expenditures.

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

Adopted this 23rd day of August, 2004, by the Board of Managers of Lake Washington Sanitary District.

LAKE WASHINGTON SANITARY
DISTRICT

By: /s/ Larry Maruska
Lawrence Maruska
Its: Chairman

ATTEST:

By: /s/ James Deike
James Deike
Its: Secretary

CERTIFICATION

The undersigned, being the duly qualified and acting Secretary of the Lake Washington Sanitary District, hereby certifies the following:

The foregoing is true and correct copy of a Resolution on file and of official, publicly available record in the offices of the District, which Resolution relates to procedures of the District for compliance with certain IRS Regulations on reimbursement bonds. Said Resolution was duly adopted by the governing body of the District (the "Board") at a regular meeting of the Board held on August 23, 2004. Said meeting was duly called, regularly held, open to the public, and held at the place at which meetings of the Board are regularly held. Boardmember Robert Bieraugel moved the adoption of the Resolution, which motion was seconded by Boardmember Jerry Kallheim. A vote being taken on the motion, the following members of the Board voted in favor of the motion to adopt the Resolution: Robert Bieraugel, Jerry Kallheim, George Warrant, Art Zuhlsdorf, and Larry Maruska.

and the following voted against the same: None

and the following Board members were absent or abstained: None

Whereupon said Resolution was declared duly passed and adopted. The Resolution is in full force and effect and no action has been taken by the Board which would in any way alter or amend the Resolution.

WITNESS MY HAND officially as the Secretary of the Lake Washington Sanitary, this 23rd day of August, 2004.

/s/ James Deike
Secretary
Lake Washington Sanitary District

EXHIBIT A

Declaration of Official Intent

The undersigned, being the duly appointed and acting Secretary of the Lake Washington Sanitary District (the "District"), pursuant to and for purposes of compliance with Treasury Regulations, Section 1.150-2 (the "Regulations"), under the Internal Revenue Code of 1986, as amended, hereby states and certifies on behalf of the District as follows:

1. The undersigned has been and is on the date hereof duly authorized by the lake Washington Sanitary District Board to make and execute this Declaration of Official Intent (the "Declaration") for and on behalf of the District.

2. This Declaration relates to the following project, property or program (the "Project") and the costs thereof to be financed:

Installation of pressurized sewer lines, collector stations and grinder pumps, including the excavation, erection, construction, installation and laying of a sewage collection system and transmission system, including all necessary piping, discharge lines, sewer control services, laterals, services, septic tank abandonment, or systems and appurtenances thereto.

3. The District reasonably expects to reimburse itself for the payment of certain costs of the Project out of the proceeds of a bond issue or similar borrowing (the "Bonds") to be issued after the date of payment of such costs. As of the date hereof, the District reasonably expects that \$200,000 is the maximum principal amount of the Bonds, not already issued by the Public Facilities Authority, which will be issued to finance the Project.

4. Each expenditure to be reimbursed from the Bonds is or will be a capital expenditure or a cost of issuance, or any of the other types of expenditures described in Section 1.150-2(d)(3) of the Regulations.

5. As of the date hereof, the statements and expectations contained in this Declaration are believed to be reasonable and accurate.

Date: August 23, 2004.

/s/ James Deike
Secretary
Lake Washington Sanitary District