

**STATE OF MINNESOTA
CENTRAL LAKES REGION SANITARY DISTRICT, DOUGLAS COUNTY**

The Matter of the Dissolution of the
Central Lakes Region Sanitary District

**Resolution D-2009-06, Affirming
Method of Allocation of Costs and
Directing Notice of Allocation**

Director Steidl moved adoption of the following resolution:

Whereas, the CLRSD adopted its Resolution of Intent to Dissolve at its regular meeting on March 5, 2009; and

whereas, the Resolution of Intent to Dissolve contained a procedure for the winding up and dissolution of the CLRSD; and

whereas, those procedures include the following:

Collection; payment. When a resolution of intent to dissolve has been properly adopted and noticed, the Board shall proceed as soon as possible:

(a) to collect or make provision for the collection of all known debts, including unallocated costs, due or owing to the District;

(b) to pay or make provision for the payment of all known debts, obligations, and liabilities of the District according to their priorities; and

(c) to give notice to creditors and claimants of the District's intent to dissolve.

whereas, the CLRSD enabling legislation requires the setting of a method of allocating costs. The enabling legislation provides that costs may be allocated to local government units in the District on an equitable basis as the Board may from time to time determine by resolution to be fair and reasonable and in the best interests of the District. In making the allocation, the Board may provide for the deferment of payment of all or part of costs; and

whereas, the Board has currently issued temporary bonds to pay the costs of planning, engineering and other costs related to a proposed wastewater project. It was, prior to the development of conditions favoring dissolution, the District's intent to repay and replace the temporary bonds with construction bonds for the proposed wastewater project; and

whereas, at the CLRSD's regular meeting on November 6, 2008, Director Buse, seconded by Director Strandskov moved the adoption of the following:

The CLRSD is required by its enabling legislation to establish a method to allocate current costs as defined in the legislation. Since 2003, the District has incurred costs of planning, engineering, permitting and other tasks related to the providing of wastewater services within the District. These costs have been incurred for the benefit of the entire District. The Board finds it to be fair, equitable, reasonable and in the best interests of the District to allocate the current costs of the District, on a pro-rata basis according to the net tax capacity of property within the District for each Township.

Upon discussion, a vote was taken. The motion passed by a vote of 6 in favor and 0 opposed; and

whereas, at its meeting on November 6, 2008, the Board acknowledged that the temporary bonds were issued against the full faith and credit of all property within the CLRSD at a time when all member townships and residents of the CLRSD understood that a single, consolidated project would be planned and built; and

whereas, at its meeting on November 6, 2008, the Board further acknowledged that the owners of property in Brandon Township, though liable on the temporary bonds, should not be taxed to pay a portion of the capital costs of wastewater improvements that did not serve those properties; and

whereas, in relation to the overall project, the Board considered the impact of a comprehensive wastewater project on lands contained within the CLRSD. The Board determined that a comprehensive wastewater project, constructed throughout the CLRSD, would create general benefits to all properties within the CLRSD regardless of whether those properties were directly or immediately served by the project; and

whereas, based upon its determination of general benefit, and the prior configuration of the project, the Board adopted a policy of recovering a portion of the capital cost of the project through ad valorem taxes throughout the CLRSD. However, after the Board decided to remove the Brandon Township portion of its project from consideration, it determined that if the Brandon Township portion of the project was not built, the general benefits in Brandon Township, attributable to the project, would not exist. Therefore, the Board determined it would be inequitable to impose ad valorem taxes on properties in Brandon Township to pay capital costs of construction of wastewater infrastructure that did not provide wastewater services to properties in Brandon Township; and

whereas, the Board, however, did expend funds and incurred debt in the planning for the providing of wastewater services in Brandon Township. Therefore, at the CLRSD meeting on November 6, 2008, Director Timm, seconded by Director Thoennes move the adoption of the following:

The CLRSD shall not certify ad valorem taxes against any property in Brandon Township, to pay capital costs of construction of wastewater infrastructure that does not provide wastewater services to properties in Brandon Township. The

CLRSD may, however, either certify ad valorem taxes or charge Brandon Township allocated costs, to repay the debt associated with planning for the providing of wastewater service within the CLRSD. Nothing in this motion shall be construed to limit the authority contained in Minnesota Laws Chapter 127, Article 6 (2003), for the CLRSD to impose ad valorem taxes to pay the general administrative and operating expenses of the CLRSD.

Upon discussion a vote was taken. The motion passed by a vote of 6 in favor and 0 opposed.

whereas, at its meeting on November 6, 2008, the Board also considered information regarding the allocation of current bonded indebtedness on a deferred basis. The Board desired to allow the Townships' visibility of the potential obligation and to cover the possible no-build contingency. The Board deferred notice of the allocation, waiting for a determination of the amount to be allocated to each Township; and

whereas, during winding up, the CLRSD is required to allocate and collect sufficient funds to cover the CLRSD's obligations; and

whereas, the Board, at its regular meeting on April 2, 2009, reviewed and reconsidered its prior resolution regarding the method of allocation and has investigated alternative methods of allocation; and

whereas, after reviewing and discussing information regarding alternative methods of allocation, the Board, on a 5 to 1 vote (Board Member Cleary voting against), affirmed its prior method of allocation of the current costs of the CLRSD, on a pro-rata basis according to the net tax capacity of property within the CLRSD for each Township; and

whereas, the board further directed confirmation of the net tax capacities of property within the CLRSD for each Township to assure proper allocation; and

whereas, the Douglas County Auditor confirmed the following net tax capacities of property within the CLRSD for each Township as of April 14, 2009:

TOWNSHIP	NET TAX CAPACITY	PERCENTAGE OF TOTAL
Brandon	\$777,665	17.63%
Carlos	\$165,619	3.76%
La Grand	\$185,621	4.21%
Leaf Valley	\$613,274	13.91%
Miltona	\$1,813,188	41.11%
Moe	\$854,707	19.38%
	\$4,410,074	100.00%

Therefore, it is resolved:

1. The CLRSD, as required by its enabling legislation, established a method to allocate current costs as defined in the legislation. Since 2003, the District has incurred costs of planning,

engineering, permitting and other tasks related to the providing of wastewater services within the District. These costs have been incurred for the benefit of the entire District and total \$3,400,000.00.

- Based upon the Board's adopted method of allocation, the following costs are allocated to the Townships, to be payable to the District or its designee by November 1, 2009:

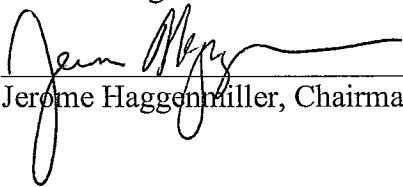
TOWNSHIP	PERCENT OF ALLOCATION	TOTAL ALLOCATION
Brandon	17.63%	\$599,420.00
Carlos	3.76%	\$127,840.00
La Grand	4.21%	\$143,140.00
Leaf Valley	13.91%	\$472,940.00
Miltona	41.11%	\$1,397,740.00
Moe	19.38%	\$658,920.00
	100.00%	\$3,400,000.00

- The attorney is directed to give notice to the Townships of the allocated amount, along with details regarding remittance of payment.
- The attorney is further directed to continue coordination with the Townships to facilitate compliance with their obligations during dissolution.

The motion was seconded by Director Thoennes. After discussion and upon a vote, the Findings and Resolution were adopted by the following vote:

	Yes	No	Abstain	Absent
Mike Cleary	_____	<u> X </u>	_____	_____
Jerome Haggemiller	<u> X </u>	_____	_____	_____
Ted Steidl	<u> X </u>	_____	_____	_____
Bruce Strandskov	<u> X </u>	_____	_____	_____
Gary Thoennes	<u> X </u>	_____	_____	_____
Dale Vollmers	<u> X </u>	_____	_____	_____

The above resolution was adopted at the Regular Meeting of the CLRSD on May 7, 2009, at the Leaf Valley Town Hall.


 Jerome Haggemiller, Chairman

Attest:

 Mike Cleary, Board Secretary