

# AGENDA

DATE: July 12, 2007  
TIME: 4:00 P.M.  
PLACE: WENONAH ROOM, City Hall

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1. **CALL TO ORDER - APPROVAL OF MINUTES**

Approval of the minutes from June 14, 2007

2. **REMARKS BY PRESIDENT**

3. **UNFINISHED BUSINESS**

A. **Port Authority/Winona County Purchase of Land**

The Port Authority of Winona continues to support and facilitate the Winona County Historical Society expansion project. Winona County has passed a resolution to sell land to the Port Authority and the Port in turn can sell the land to the Historical Society. A Public Hearing on the sale will be held also at this meeting. If Commissioners concur with the land purchase, a motion to approve the resolution would be appropriate.

4. **PUBLIC HEARING**

A. **Sale of Property to Winona County Historical Society**

Pursuant to a public hearing notice published on June 30, 2007 the Port Authority is hereby requested to consider the sale of property to the Winona County Historical Society.

If the Commissioners concur, a motion to approve a resolution for the sale of property would be appropriate.

5. **OLD BUSINESS**

A. **Extension of Lease Agreement**

The Port Authority has a current lease of the Port Authority Commercial Dock facility with CD Corporation which would end this shipping season. The Riverfront Committee recommends a two year extension of the Agreement.

B. **Quotes for Railroad Dike Breach work**

Quotes will be received on Wednesday July 11, 2007 for the Railroad Dike Breach work as part of the Wetland Mitigation Project related to dredging the Commercial Harbor. A tabulation of the results will be presented to the Port Authority.

6. **NEW BUSINESS**

A. **2006 Port Authority Financial Report**

Mr. Cliff Hoffman (representative of Deloitte & Touche LLP) will present the Port Authority's *Annual Financial Report as of and for the Year Ended December 31, 2006 and Independent Accountants' Compilation Report*.

B. **Investment Policy Updates**

The Port Authority is requested to adopt the revised **INVESTMENT POLICY**. If the Commissioners concur, a motion to adopt the Policy would be appropriate.

6. **ADJOURNMENT**

**THE AUGUST 12, 2007, MEETING WILL INCLUDE THE 2008 PROPOSED BUDGETS.**

# PORT AUTHORITY OF WINONA MINUTES

**DATE:** June 14, 2007

**PRESENT:** President Cichanowski and Commissioners Thurley, Borzyskowski, Glubka, Johnson, and Hansen.

**ABSENT:** Kiekbusch and Executive Secretary Sorensen

## 1. CALL TO ORDER – APPROVAL OF MINUTES

President Cichanowski called the meeting to order at 4 p.m. A motion to approve the minutes from the May 17, 2007 meeting was made by Commissioner Borzykowski, seconded by Commissioner Thurley. The motion carried with all Commissioners voting aye.

## 2. REMARKS BY THE PRESIDENT

President Cichanowski made committee assignments as follows:

***Riverfront Committee-*** Mike Cichanowski, Dana Johnson, Jim Kiekbusch

***Negotiating Committee-*** Al Thurley, Dana Johnson, Mike Cichanowski

***Revolving Loan Fund-*** Mary K. Glubka, George Borzykowski, Mike Hansen

Port Commissioners accepted the Committee Assignments

## 3. PUBLIC HEARING

### A. *Edward Street Subdivision- Transfer of Property*

Pursuant to a public hearing notice published on June 1, 2007, President Cichanowski opened the public hearing to consider the transfer of property in the Edward Street Subdivision to neighboring property owners Randy E. and Ronda S. Aspenson and Carleton J. and Cynthia M. Braem. Cynthia M. Braem of 182 Whittten came forward to speak and expressed interest in accepting the transfer from the Port Authority. President Cichanowski called two additional times for any one wishing to speak to come forward. There being none, the public hearing was closed. A motion to approve two resolutions, one for each transfer was made by Commissioner Glubka, seconded by Commissioner Johnson. The motion carried with all Commissioners present voting aye.

### **RESOLUTION # 646**

**WHEREAS**, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed transfer of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best

interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to transfer the land described in Exhibit "A" attached hereto; and

**WHEREAS**, the owner has been notified about the property described in Exhibit "A" which property is owned by the Port Authority of Winona; and

**WHEREAS**, the Port Authority has investigated the facts of the proposed transfer of said land and terms and conditions of said transfer, and proposed use of said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general; and

**WHEREAS**, the proposed transfer meets the terms and conditions set forth by the Port Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Authority of Winona:

1. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to transfer said real estate to Randy E. and Rhonda S. Aspenson.
2. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed transfer and in describing the terms and conditions of such transfer, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.
3. The property is being transferred at no cost other recording and related fees for the transaction which would be \$52.65.

**RESOLUTION # 647**

**WHEREAS**, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed transfer of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to transfer the land described in Exhibit "A" attached hereto; and

**WHEREAS**, the owner has been notified about the property described in Exhibit "A" which property is owned by the Port Authority of Winona; and

**WHEREAS**, the Port Authority has investigated the facts of the proposed transfer of said land and terms and conditions of said transfer, and proposed use of said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general; and

**WHEREAS**, the proposed transfer meets the terms and conditions set forth by the Port Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Authority of Winona:

4. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to transfer said real estate to Carleton J. and Cynthia M. Braem.
5. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed transfer and in describing the terms and conditions of such transfer, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.
3. The property is being transferred at no cost other recording and related fees for the transaction which would be \$52.65.

#### **4. OLD BUSINESS**

##### ***A. Request for Extension- Abramson Development***

Scott Abramson requested an extension on Port Authority property purchased in 2003. Mr. Abramson was present and requested a one-year extension instead of the five-year request he made in earlier correspondence with the Port.

After brief discussion a motion was made by Commissioner Johnson to approve the extension based on the following actions:

- Plans and specifications for the building are to be presented to the full Port Authority. The Port Authority must approve the plans for construction.
- The approved construction must be under way, ground broken, by July 1, 2008
- The area must be maintained and mowed at a minimum of once per month.

The motion was seconded by Commissioner Borzykowski. Commissioner Johnson amended his motion to include the property would be transferred back to the Port Authority for the purchase price paid by Mr. Abramson in 2003 in the event approved construction has not started by July 1, 2008. The amendment to the motion was accepted as a friendly amendment by

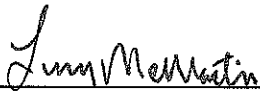
Commissioner Borzykowski. The motion was called for a vote with all commissioners present voting Aye. The motion carried.

**5. FINANCIAL REPORTS**

The Port Authority Commissioners reviewed the financial information and it will be placed on file. The Commissioners were reminded that Cliff Hoffman will be presenting the Port Authority Financial Report at the July 12<sup>th</sup> meeting.

**6. ADJOURNMENT**

A motion to adjourn the meeting was made by Commissioner Johnson, seconded by Commissioner Glubka and the meeting was adjourned at 4:35 p.m.



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Lucy McMartin  
Program Development Director

## PORT AUTHORITY AGENDA ITEM

**AGENDA ITEM: Purchase of Property from Winona County**

**DATE: July 12, 2007**

The Winona County Historical Expansion Project has taken a new turn. The Winona County Board on June 26<sup>th</sup>, 2007, approved a resolution to sell the Winona County property adjacent to the Historical Society to the Port Authority of Winona for the purpose of selling the property to the Historical Society for the expansion project. A copy of the approved resolution is attached to this agenda item.

The resolution includes five items which must occur for the sale of property to occur. They are as follows:

1. The sale of property shall be a negotiated price no less than the assessed value of the property.  
*The Winona County Assessor has the value of the property at \$85,600.*
2. The Port Authority shall provide a written agreement guaranteeing Winona County 24 parking stalls in a parking lot on the Chrysler Block except during a period where redevelopment construction is underway at which time equivalent parking shall be provided within two blocks of the Government Center building.  
*Attached is a draft of the proposed parking lot agreement.*
3. Winona County shall retain the use of the current parking area until the 24 parking stalls are available and approved for county use.  
*An agreement to satisfy this contingency will be prepared.*
4. The Port Authority shall agree to ensure the reversion of title to the Port in the event a failure on the part of the Historical Society to raise the necessary funding or to commence the building project within two years of the transfer of title of the property.  
*A draft of the proposed purchase agreement is attached to the public hearing agenda item.*
5. The Port Authority agrees that in the event the property reverts back to the Port, the Port will sell back the property to Winona County as the same price they purchased it for.  
*This issue is covered in both purchase agreements.*

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The Port Authority agreed in September, 2006, and affirmed in May, 2007, to provide the replacement parking to Winona County for the Historical Society Expansion Project. The County resolution requires the Port Authority to purchase the property and then sell to the Historical Society. This transaction is allowed under Minnesota State Statute 469.101, Subd. 17 The project is consistent with the Downtown Economic Development District Plan, July, 1983, Section 5.2.11 "Provide maximum opportunities, consistent with the needs of the city as a whole, for educational, cultural and recreational activities in the downtown area."

Staff would recommend approval of the following resolution which will facilitate the Historical Society Expansion Project:

#### RESOLUTION

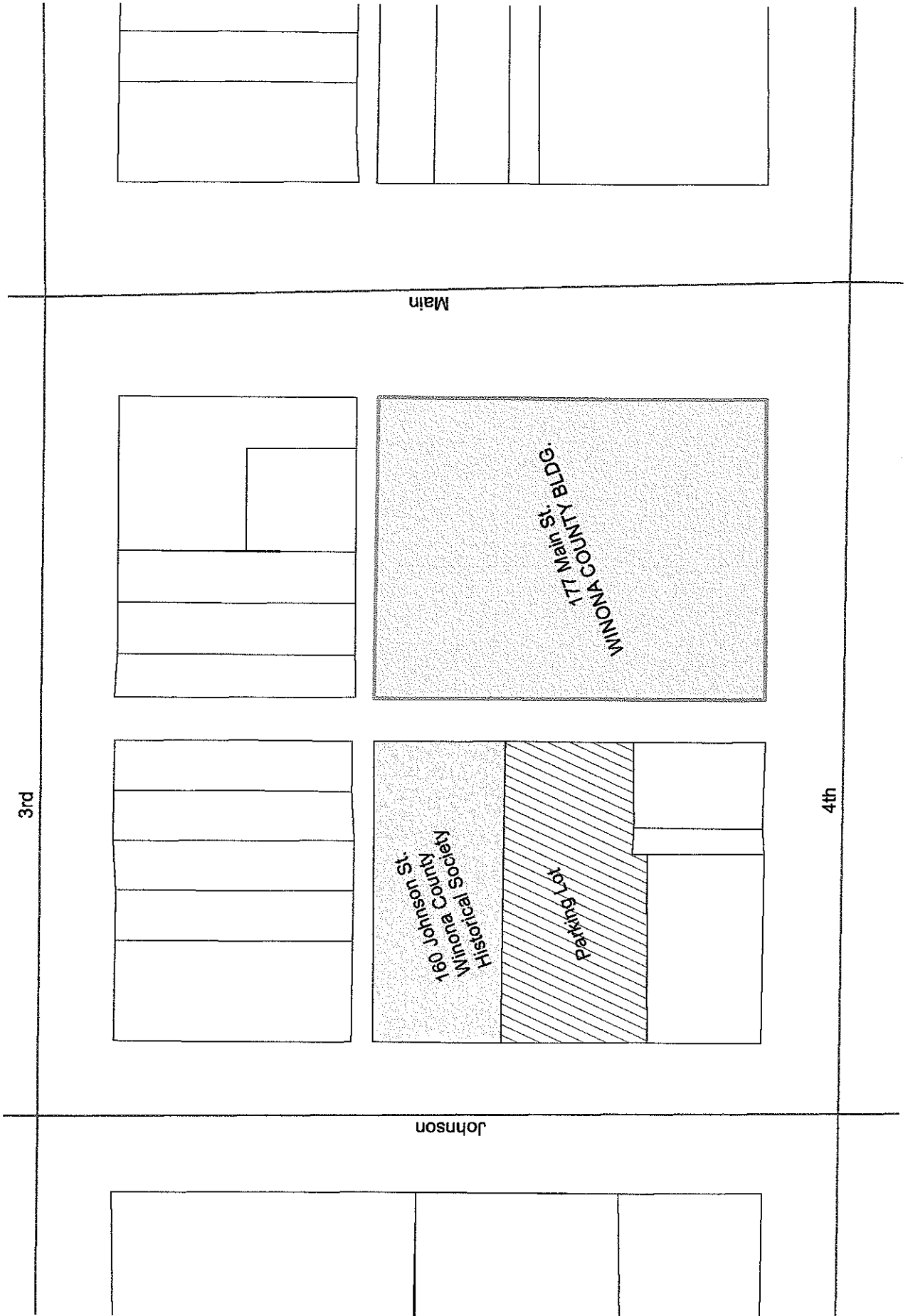
WHEREAS, the Port Authority of Winona supports the Winona County Historical Society Expansion Project, and

WHEREAS, the following actions will move the project forward.

NOW, THEREFORE, BE IT RESOLVED by the Port Authority of Winona that the following actions will be taken:

1. The Port Authority agrees to purchase the property, parcel # 32-000-1520, from Winona County for \$85,600.
2. The Port Authority shall provide a written agreement guaranteeing Winona County 24 parking stalls in a parking lot on the Chrysler Block except during a period where redevelopment construction is underway at which time equivalent parking shall be provided within two blocks of the Government Center building.
3. Winona County shall retain the use of the current parking area until the 24 parking stalls are available and approved for county use.
4. The Port Authority shall agree to ensure the reversion of title to the Port in the event a failure on the part of the Historical Society to raise the necessary funding or to commence the building project within two years of the transfer of title of the property.
5. The Port Authority agrees that in the event the property reverts back to the Port, the Port will sell back the property to Winona County as the same price they purchased it for.

# PARCEL LOCATIONS



1 Commissioner Ward voiced concerns regarding the adoption of the resolution transferring the Government Center  
2 Parking Lot to the Port Authority by stating that she did not feel that the lot should be considered as "surplus"  
3 property.  
4

5 On motion of Commissioner Voegeli and second by Commissioner Heim, the Board adopted the following:  
6

7 **RESOLUTION #2007- 50**  
8

9 **RESOLUTION AUTHORIZING TRANSFER OF COUNTY OWNED PROPERTY**  
10 **TO THE PORT AUTHORITY OF WINONA.**  
11

12 WHEREAS, the County of Winona acquired certain property situated in the city of Winona, County of Winona, State  
13 of Minnesota, which is identified by Winona County for tax purposes as parcel 32-000-1520 and is legally described  
14 as lot 7 and N 7' of W 88' of lot 10, Block 20 Original Plat Winona; and,  
15

16 WHEREAS, the purchase of the Government Center property was intended to provide temporary office space until the  
17 County developed plans for a permanent location of the County Government Center; and  
18

19 WHEREAS, the County Board of Commissioners declared the above mentioned property to be surplus at a properly  
20 noticed County Board meeting on February 6, 2007; and  
21

22 WHEREAS, according to Minnesota Statutes section 469.101, subdivision 17, the Port Authority of Winona may  
23 accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can  
24 be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to  
25 469.108; and  
26

27 WHEREAS, the Port Authority may sell and convey property owned by it within the City of Winona or an economic  
28 development district if it determines that the sale and conveyance are in the best interests of the City or district and its  
29 people, and that the transaction furthers its general plan of economic development; and  
30

31 WHEREAS, the Port Authority has expressed its intention to use the above-described parcel for the purpose of  
32 economic development, specifically to facilitate the expansion of the Winona County Historical Society.  
33

34 NOW, THEREFORE, BE IT RESOLVED that the Winona County Board of Commissioners hereby authorizes and  
35 directs the Winona County Board Chair and Winona County Administrator to execute the necessary documents to  
36 convey the above mentioned property to the Port Authority of Winona for the sole purpose of economic development;  
37 and  
38

39 BE IT FURTHER RESOLVED that the authority granted herein to convey the above mentioned property is contingent  
40 upon: (1) the sale or transfer of said property shall be at a negotiated price no less than the assessed value of the  
41 property, (2) in addition to payment of the negotiated sale price, the Port Authority of Winona shall provide an official  
42 binding written agreement guaranteeing Winona County 24 parking spaces in a parking lot on the Chrysler Block  
43 (across the street from the Government Center) except during a period where redevelopment construction is underway  
44 at which time equivalent parking shall be provided within two blocks of the Government Center building, (3) Winona  
45 County shall retain the use of the above-described parcel, at no cost, until the 24 parking spaces provided by the Port  
46 Authority of Winona are available and approved for County use, (4) the Port Authority shall agree to ensure the  
47 reversion of title to the Port Authority in the event of a failure on the part of the Winona County Historical Society to  
48 raise the necessary matching funds for the proposed addition, or a failure for any reason to commence the building  
49 project within two (2) years of the completion of the transfer of the above-described parcel to the Winona County  
50 Historical Society; and (5) the Port Authority shall agree that, in the event that title reverts to the Port Authority  
51 pursuant to paragraph (4) of this Resolution, the Port Authority shall sell back the above-described parcel to Winona  
52 County at the same price at which they purchased it.  
53

54 Vote: Yes - 4. No - Ward.  
55  
56

County Board  
Minutes  
6/26/07

PARKING STALL USAGE AGREEMENT

THIS AGREEMENT, entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2007, between the Port Authority of Winona, a body politic and corporate under the laws of the State of Minnesota (hereinafter "Port Authority") and the County of Winona, a Corporation under the laws of the State of Minnesota (hereinafter the "County").

WITNESSETH AS FOLLOWS:

WHEREAS, the Port Authority is willing to grant usage of 24 parking spaces to the County under the terms, covenants, and conditions contained herein;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. Term. The term of this Usage Agreement shall commence as of the date of this Agreement and shall terminate 30 years following the date of this Agreement or immediately following the County's vacation of the Winona County Government Center situated at 177 Main Street, in the City of Winona, Minnesota, whichever event occurs first. Provided further, this Usage Agreement shall immediately terminate if the Port Authority sells and conveys back to the County the real property described in Exhibit A which is attached hereto and incorporated herein by reference.

2. Rent. The County shall have no obligation to pay the Port Authority rent for the use of the 24 designated parking spaces.

3. Location of Designated Parking Spaces. The County shall have the use of 24 designated parking spaces in a parking lot on the "Chrysler Block" (across the street from the County Government Center situated at 177 Main Street, in the City of Winona, Minnesota) except during a period of time when the "Chrysler Block" is undergoing redevelopment construction at which time the Port Authority will provide the County with equivalent parking situated within 2 blocks of the said Winona County Government Center building.

4. Repairs, Improvements, and Maintenance. The Port Authority shall be responsible for all repairs, improvements, and maintenance to the 24 designated parking spaces and shall, additionally, be responsible for snow removal. As between the Port Authority and the County, all decisions in regard to the repairs, improvements, and maintenance of the designated parking spaces and the immediately surrounding area shall be made in the exclusive discretion of the Port Authority.

5. Signage. The County may erect, affix, or display signage designating the 24 parking spaces as being those subject to exclusive use by the County. The cost of signage shall be the sole expense of the County. Signage shall be removed, at the County's expense, immediately following termination of this Usage Agreement.

6. Nonliability of Port Authority; Indemnity of Port Authority by County. This Usage Agreement is made on the express condition that the Port Authority shall be free from all liabilities and claims for damages or suits for or by reason of any injury or injuries or damages to any person, persons, or property of any kind or nature whatsoever, whether the person or property of the County, its agents, employees, or invitees, from any cause or causes whatsoever while in or on the 24 designated parking spaces or any part thereof during the term of this Agreement or occasioned by any occupancy or use of the 24 designated parking spaces or any activity carried on by the County, its agents, employees, or invitees in connection therewith, unless caused by the negligence of the Port Authority. The County further covenants and agrees to indemnify, hold harmless, and defend the Port Authority from all liabilities, charges, expenses (including attorney's fees), and costs on account of or by reason of any such injuries, liabilities, claims, suits, or losses however occurring or damages arising out of them.

This provision shall specifically but not exclusively apply to any such accident or occurrence resulting from the use of the 24 designated parking spaces by the County of those areas of the "Chrysler Corner" property which provide the users of the designated parking spaces with access to the parking spaces covered by this Agreement.

7. Assignment; Sublease. The rights of the County acquired under this Agreement shall not be assignable nor leaseable, provided, however, that parking spaces may be leased by the County to County employees.

8. Use of Premises. It is agreed between the parties that the County shall only be allowed to use the 24 designated parking spaces for purposes relating to the parking of operable passenger vehicles or motorcycles. All other non-related activity shall be prohibited. The parking of more than 1 car or motorcycle per parking space shall be prohibited.

9. Designation of 24 Parking Spaces. In a separate document or map which is not attached to this Usage Agreement but which, when dated and signed by the parties, shall become a part hereof including all additions or revisions thereto, the Port Authority and the County shall designate the 24 parking spaces

covered by this Usage Agreement.

10. Binding effect. This Usage Agreement shall be binding on and shall inure to the benefit of the parties hereto and their successors and assigns.

11. Applicable law. This Usage Agreement and the rights and obligations of the parties hereunder shall be interpreted in accordance with the laws of the State of Minnesota.

12. Notices. All communications, demands, notices, or objections permitted or required to be given or served under this Usage Agreement shall be in writing and shall be deemed to have been duly given or served if delivered in person or deposited in the United States mail, postage prepaid, for mailing by certified or registered mail, return receipt requested, addressed to a party to this Usage Agreement at the address set forth next to such party's signature at the end of this Usage Agreement, or if to a person not a party to this Usage Agreement, to the address designated by a party to this Usage Agreement in the foregoing manner. Commencing on the 10<sup>th</sup> day after the giving of such notice, such newly designated address shall be such party's address for the purposes of all communications, demands, notices, or objections permitted or required to be given or served under this Usage Agreement.

13. Amendment, Modification, or Waiver. Except as otherwise provided herein, no amendment, modification, or waiver of any condition, provision, or term of this Usage Agreement shall be valid or of any effect unless made in writing, signed by the party or parties to be bound and specifying with particularity the extent and nature of such amendment, modification, or waiver.

14. Reasonable Consent. Whenever the Port Authority's or the County's approval or consent shall be required herein, such approval or consent shall not be arbitrarily or unreasonably conditioned, delayed, or withheld and shall be deemed to have been given, unless within 20 days following the request therefor, the Port Authority or the County, as appropriate, gives notice to the requesting party that the Port Authority or the County, as appropriate, is denying such approval or consent, stating in such notice the reasonable grounds therefor.

15. Entire Agreement. This Usage Agreement contains the entire understanding of the parties hereto with respect to the transaction contemplated hereby and supersedes all prior agreements and understandings between the parties with respect to such subject matter.

16. Captions, Headings, or Titles. All captions, headings, or titles in the paragraphs or sections of this Usage



County's Address:

FOR THE COUNTY OF WINONA

\_\_\_\_\_  
Dave Stoltman, Chair

ATTEST:

\_\_\_\_\_  
Robert F. Reinert  
County Administrator

\_\_\_\_\_, 2007. Approved as to execution on this \_\_\_\_\_ day of

\_\_\_\_\_  
Charles E. Mac Lean  
County Attorney

THIS INSTRUMENT WAS DRAFTED BY:

Richard F. Blahnik  
Robertson, Blahnik & Nelson  
Attorneys at Law  
177 Main Street  
Suite 206  
P.O. Box 167  
Winona, Minnesota 55987-0167  
(507) 454-4661

Port-Aut\Agreement\Parking\Winona-Co-jlm.doc

Lot Seven (7) and the Northerly 7 feet of the Westerly 88 feet of Lot Ten (10), all in Block Twenty (20), Original Plat of Winona, Winona County, Minnesota.

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EXHIBIT A

PURCHASE AGREEMENT

Winona, Minn., \_\_\_\_\_, 2007

RECEIVED OF the Port Authority of Winona, a body politic and corporate under the laws of the State of Minnesota, the sum of \$1.00 and other good and valuable consideration, as earnest money and in part payment for the purchase of property situated in the County of Winona, State of Minnesota, and legally described as follows, to wit:

The real property described in Exhibit A which is attached hereto and incorporated herein by reference;

including the following listed personal property: None;

all of which property the undersigned hereby agrees to sell to the buyer for the sum of \$85,600.00, which the buyer agrees to pay in the following manner:

Earnest money herein paid \$1.00 and \$85,599.00 cash on the date of closing which shall be held on or before August 31, 2007.

1. Sale of the real estate is contingent on and subject to all terms, covenants, and conditions contained in that certain Resolution of the County of Winona dated June 26, 2007, a copy of which is attached hereto and incorporated herein by reference as Exhibit B.

2. The real estate described in this Purchase Agreement is being sold in an "as is" condition, buyer hereby acknowledging that buyer has had an opportunity to inspect the real estate prior to the execution of this Agreement.

3. The seller certifies that the seller does not know of any wells or individual sewage treatment systems on or serving the real estate described herein.

Subject to performance by the buyer the seller agrees to execute and deliver a Quit Claim Deed conveying marketable title to said premises subject only to the following exceptions:

- (a) Building and zoning laws, ordinances, State and Federal regulations.
- (b) Restrictions relating to use or improvement of premises not subject to unreleased forfeiture.
- (c) Reservation of any minerals or mineral rights to the State of Minnesota.
- (d) Utility easements.
- (e) Rights of tenants as follows: (unless specified, not subject to tenancies).
- (f) Subject to the reversionary provisions in favor of the County of Winona as provided in Subsections (4) and (5) of the County of Winona's Resolution dated June 26, 2007, a copy of which is attached as Exhibit B.

The buyer shall pay the real estate taxes due and payable in the year 2008 and any unpaid installments of special assessments payable therewith and thereafter.

The seller further agrees to deliver possession not later than the date of closing provided that all the conditions of this Agreement have been complied with. Unless otherwise specified this sale shall be closed on or before 60 days from the date hereof.

The seller shall, within a reasonable time after approval of this Agreement, furnish an Abstract of Title certified to date (or a Certificate of Title and Registered Property Abstract) both also to include proper searches covering bankruptcies, and State and Federal judgments and liens. The buyer shall be allowed 10 days after receipt thereof for examination of said title and the making of any objections thereto, said objections to be made in writing or deemed to be waived. If any objections are so made the seller shall be allowed 120 days to make such title marketable. Pending correction of title the payments hereunder required shall be postponed, but upon correction of title and within 10 days after written notice, the buyer shall perform this Agreement according to its terms.

If said title is not marketable and is not made so within 120 days from the date of written objections thereto as above provided, this Agreement shall be void, and neither principal shall be liable for damages hereunder to the other principal and all money theretofore paid by the buyer shall be refunded; but if the title to said property be found marketable, or be so made within said time, and said buyer shall default in any of the agreements and continue in default for a period of 10 days, then and in that case the seller may terminate this contract, and on such termination all the payments made upon this contract shall be retained by said seller, as their respective interests may appear, as liquidated damages, time being of the essence hereof; but this provision shall not deprive either party of the right of enforcing the specific performance of this contract provided such contract shall not be terminated as aforesaid, and provided action to enforce such specific performance shall be commenced within 6 months after such right of action shall arise.

FOR THE COUNTY OF WINONA, Seller

\_\_\_\_\_  
Dave Stoltman, Chair

ATTEST:

\_\_\_\_\_  
Robert F. Reinert  
County Administrator

Approved as to execution on this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Charles E. Mac Lean  
County Attorney

We hereby agree to purchase the said property for the price and upon the terms above mentioned, and subject to all conditions herein expressed.

PORT AUTHORITY OF WINONA, Buyer

By: \_\_\_\_\_  
Michael Cichanowski  
Its: President

By: \_\_\_\_\_  
Eric B. Sorensen  
Its: Executive Secretary



Lot Seven (7) and the Northerly 7 feet of the Westerly 88 feet  
of Lot Ten (10), all in Block Twenty (20), Original Plat of  
Winona, Winona County, Minnesota.

Port-Aut\Legals\Winona-Co & Hist-Soc-jlm.doc

RESOLUTION #2007-

RESOLUTION AUTHORIZING TRANSFER OF COUNTY OWNED PROPERTY  
TO THE PORT AUTHORITY OF WINONA.

WHEREAS, the County of Winona acquired certain property situated in the city of Winona, County of Winona, State of Minnesota, which is identified by Winona County for tax purposes as parcel 32-000-1520 and is legally described as lot 7 and N 7' of W 88' of lot 10, Block 20 Original Plat Winona; and,

WHEREAS, the purchase of the Government Center property was intended to provide temporary office space until the County developed plans for a permanent location of the County Government Center; and

WHEREAS, the County Board of Commissioners declared the above mentioned property to be surplus at a properly noticed County Board meeting on February 6, 2007; and

WHEREAS, according to Minnesota Statutes section 469.101, subdivision 17, the Port Authority of Winona may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to 469.108; and

WHEREAS, the Port Authority may sell and convey property owned by it within the City of Winona or an economic development district if it determines that the sale and conveyance are in the best interests of the City or district and its people, and that the transaction furthers its general plan of economic development; and

WHEREAS, the Port Authority has expressed its intention to use the above-described parcel for the purpose of economic development, specifically to facilitate the expansion of the Winona County Historical Society.

NOW, THEREFORE, BE IT RESOLVED that the Winona County Board of Commissioners hereby authorizes and directs the Winona County Board Chair and Winona County Administrator to execute the necessary documents to convey the above mentioned property to the Port Authority of Winona for the sole purpose of economic development; and

BE IT FURTHER RESOLVED that the authority granted herein to convey the above mentioned property is contingent upon: (1) the sale or transfer of said property shall be at a negotiated price no less than the assessed value of the property, (2) in addition to payment of the negotiated sale price, the Port Authority of Winona shall provide an official binding written agreement guaranteeing Winona County 24 parking spaces in a parking lot on the Chrysler Block (across the street from the Government Center) except during a period where redevelopment construction is underway at which time equivalent parking shall be provided within two blocks of the Government Center building, (3) Winona County shall retain the use of the above-described parcel, at no cost, until the 24 parking spaces provided by the Port Authority of Winona are available and approved for County use, (4) the Port Authority shall agree to ensure the reversion of title to the Port Authority in the event of a failure on the part of the Winona County Historical Society to raise the necessary matching funds for the proposed addition, or a failure for any reason to commence the building project within two (2) years of the completion of the transfer of the above-described parcel to the Winona County Historical Society; and (5) the Port Authority shall agree that, in the event that title reverts to the Port Authority pursuant to paragraph (4) of this Resolution, the Port Authority shall sell back the above-described parcel to Winona County at the same price at which they purchased it.

Adopted at Winona, Minnesota this 26<sup>th</sup> day of June 2007.

WINONA COUNTY BOARD OF COMMISSIONERS

David J. Stoltman, Chair

Attest:

Robert F. Reinert  
Clerk/County Administrator

EXHIBIT B

## PORT AUTHORITY AGENDA ITEM

**AGENDA ITEM: Public Hearing-Sale of property to the Winona County Historical Society**

**DATE: July 12, 2007**

Pursuant to a public hearing notice published on June 30, 2007, the Port Authority Commissioners are requested to consider the sale of property to the Winona County Historical Society, Inc. This sale of property is contingent on the ability of the Port Authority to successfully acquire the property from Winona County within the next 60 days. If the Port Authority is not able to close on the purchase with Winona County, there will not be a sale of property to the Winona County Historical Society.

The purpose of the sale of property is to allow the Winona County Historical Society to expand its building on the property adjacent to the current museum site. The Society received \$1,500,000 challenge grant which requires a dollar for dollar match. The time schedule is to raise the funds by summer of 2008, start construction soon after, and open the new facility in 2010. In order to raise the funds, the Society needs to have property control.

If the Commissioners concur with the sale of property to the Winona County Historical Society, a motion to approve the following resolution would be appropriate:

### RESOLUTION # \_\_\_\_\_

**WHEREAS**, the Port Authority of Winona, pursuant to Minnesota State Statutes, Section 458.196, did place a notice, a copy of which with proof of publication is on file in the office of the Port Authority of Winona, of a public hearing of the proposed transfer of property owned by said Port Authority in a legal newspaper, said hearing to be held to determine whether it is in the best interest of the district and the people thereof, and that furtherance of the general plan of the Port Authority development and industrial development to transfer the land described in Exhibit "A" attached hereto; and

**WHEREAS**, the owner has been notified about the property described in Exhibit "A" which property will be owned by the Port Authority of Winona; and

**WHEREAS**, the Port Authority has investigated the facts of the proposed transfer of said land and terms and conditions of said transfer, and proposed use of

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said property and the relationship to the City of Winona and its business facilities of the Port Authority of Winona in general; and

**WHEREAS**, the proposed transfer meets the terms and conditions set forth by the Port Authority of Winona as its guide in determining if such proposals are in the best interest of the Port Authority district and the public.

**NOW, THEREFORE, BE IT RESOLVED** by the Port Authority of Winona:

1. That the Board of Commissioners of the Port Authority of Winona hereby finds, determines, and declares that it is in the best interest of the Port district and the people thereof and in furtherance of the general plan to sell said real estate to the Winona County Historical Society for \$85,600
2. Sale of the real estate is contingent on and subject to the terms, covenants, and conditions set forth in that certain County of Winona Resolution dated June 26<sup>th</sup>, 2007, a copy of which is attached hereto and incorporated herein by reference as Exhibit B and is subject to the Port Authority of Winona receiving title to the real property from the County of Winona.
3. The Historical Society must raise the funds necessary for construction of the improvements or commence the building project within two years from the date of closing. If not, the real estate shall revert to the Port Authority who will then refund to the Winona County Historical Society the purchase price without interest.
4. The Winona County Historical Society may not sell the real estate within five years without approval from the Port Authority.
5. The actions of the Executive Secretary of the Port Authority of Winona in causing public notice of the proposed transfer and in describing the terms and conditions of such transfer, which have been available for inspection by the public at the office of the Port Authority from and after the publication of the hearing, are in all respects ratified and confirmed.

PURCHASE AGREEMENT

Winona, Minn., \_\_\_\_\_, 2007

RECEIVED OF the Winona County Historical Society, Inc., a Minnesota Nonprofit Corporation, the sum of \$1.00 and other good and valuable consideration, as earnest money and in part payment for the purchase of property situated in the County of Winona, State of Minnesota, and legally described as follows, to wit:

The real property described in Exhibit A which is attached hereto and incorporated herein by reference;

including the following listed personal property: None;

all of which property the undersigned hereby agrees to sell to the buyer for the sum of \$85,600.00, which the buyer agrees to pay in the following manner:

Earnest money herein paid \$1.00 and \$85,599.00 cash on the date of closing which shall be held on or before August 31, 2007.

1. Sale of the real estate is contingent upon a determination by the Port Authority of Winona of the advisability of making the sale after a public hearing required by Minnesota Statutes, Section 469.065.

2. Prior to the public hearing, the buyer shall submit to the seller preliminary plans and specifications for the development of the real estate.

3. Sale of the real estate is contingent on and subject to the terms, covenants, and conditions set forth in that certain County of Winona Resolution dated June 26, 2007, a copy of which is attached hereto and incorporated herein by reference as Exhibit B and is subject to the Port Authority of Winona receiving title to the real property from the County of Winona.

4. The Quit Claim Deed to be executed and delivered by seller to buyer in performance of buyer's obligations herein shall include, without limitation, the following terms, covenants, and conditions, to wit:

(a) The real estate shall be devoted to the following use: Use as a Historical Museum.

(b) The real estate shall be devoted to such use by the Grantee in accordance with the provisions contained in the Deed of Conveyance.

(d) The Grantee shall commence work on the improvements within 1 year from the date of conveyance and shall devote the real estate to its intended use within 3 years from the date of conveyance. If the Winona County Historical Society, Inc., fails to raise the necessary matching funds for construction of the improvements on the real estate, or fails for any reason to commence the building project within 2 years from the conveyance of the real estate to the Winona County Historical Society, Inc., title to the real estate shall revert to Grantor, and, in that event, the Winona County Historical Society, Inc., shall promptly offer a deed to the real estate to the Port Authority of Winona, who will then refund to the Winona County Historical Society, Inc., the purchase price without interest less any taxes and other encumbrances affecting marketability of title.

(e) The Winona County Historical Society, Inc., shall not transfer title to the real estate within 5 years after the date of the Deed of Conveyance without the express written consent of the Port Authority of Winona.

(f) Incorporated herein by reference are all of the conditions of Minnesota Statutes, Sections 469.048 to 469.068, and all of said conditions and the conditions stated herein relating to the use of the land are covenants running with the land.

(g) The Port Authority of Winona certifies that the Port Authority of Winona does not know of any wells on the described real estate.

5. Prior to the transfer of title the buyer shall submit to the seller final plans and specifications for the development of the real estate; no transfer shall be made unless and until such plans are approved in writing by the seller. The detail of the plans and specifications shall be such as will enable the seller to determine with reasonable certainty that the project is or will be in compliance with the law and will, if carried out, provide for the intended use.

6. The real estate described in this Purchase Agreement is being sold in an "as is" condition, buyer hereby acknowledging that buyer has had an opportunity to inspect the real estate prior to the execution of this Agreement.

7. The seller certifies that the seller does not know of any wells or individual sewage treatment systems on or serving the real estate described herein.

Subject to performance by the buyer the seller agrees to execute and deliver a Quit Claim Deed conveying marketable title to said premises subject only to the following exceptions:

- (a) Building and zoning laws, ordinances, State and Federal regulations.
- (b) Restrictions relating to use or improvement of premises not subject to unreleased forfeiture.
- (c) Reservation of any minerals or mineral rights to the State of Minnesota.
- (d) Utility easements.
- (e) Rights of tenants as follows: (unless specified, not subject to tenancies).
- (f) Subject to the reversionary provisions in favor of the County of Winona as provided in Subsections (4) and (5) of the County of Winona's Resolution dated June 26, 2007, a copy of which is attached as Exhibit B.
- (g) The covenants and conditions set forth in numbered paragraph 4 of this Purchase Agreement.
- (h) Any additional covenants which may appear in the Deed from the County of Winona to the Port Authority of Winona.

The buyer shall pay the real estate taxes due and payable in the year 2008 and any unpaid installments of special assessments payable therewith and thereafter.

The seller further agrees to deliver possession not later than the date of closing provided that all the conditions of this Agreement have been complied with. Unless otherwise specified this sale shall be closed on or before 60 days from the date hereof.

The seller shall, within a reasonable time after approval of this Agreement, furnish an Abstract of Title certified to date (or a Certificate of Title and Registered





Lot Seven (7) and the Northerly 7 feet of the Westerly 88 feet  
of Lot Ten (10), all in Block Twenty (20), Original Plat of  
Winona, Winona County, Minnesota.

Port-Aut\Legals\Winona-Co & Hist-Soc-jlm.doc

RESOLUTION #2007-

RESOLUTION AUTHORIZING TRANSFER OF COUNTY OWNED PROPERTY  
TO THE PORT AUTHORITY OF WINONA.

WHEREAS, the County of Winona acquired certain property situated in the city of Winona, County of Winona, State of Minnesota, which is identified by Winona County for tax purposes as parcel 32-000-1520 and is legally described as lot 7 and N 7' of W 88' of lot 10, Block 20 Original Plat Winona; and,

WHEREAS, the purchase of the Government Center property was intended to provide temporary office space until the County developed plans for a permanent location of the County Government Center; and

WHEREAS, the County Board of Commissioners declared the above mentioned property to be surplus at a properly noticed County Board meeting on February 6, 2007; and

WHEREAS, according to Minnesota Statutes section 469.101, subdivision 17, the Port Authority of Winona may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 469.090 to 469.108; and

WHEREAS, the Port Authority may sell and convey property owned by it within the City of Winona or an economic development district if it determines that the sale and conveyance are in the best interests of the City or district and its people, and that the transaction furthers its general plan of economic development; and

WHEREAS, the Port Authority has expressed its intention to use the above-described parcel for the purpose of economic development, specifically to facilitate the expansion of the Winona County Historical Society.

NOW, THEREFORE, BE IT RESOLVED that the Winona County Board of Commissioners hereby authorizes and directs the Winona County Board Chair and Winona County Administrator to execute the necessary documents to convey the above mentioned property to the Port Authority of Winona for the sole purpose of economic development; and

BE IT FURTHER RESOLVED that the authority granted herein to convey the above mentioned property is contingent upon: (1) the sale or transfer of said property shall be at a negotiated price no less than the assessed value of the property, (2) in addition to payment of the negotiated sale price, the Port Authority of Winona shall provide an official binding written agreement guaranteeing Winona County 24 parking spaces in a parking lot on the Chrysler Block (across the street from the Government Center) except during a period where redevelopment construction is underway at which time equivalent parking shall be provided within two blocks of the Government Center building, (3) Winona County shall retain the use of the above-described parcel, at no cost, until the 24 parking spaces provided by the Port Authority of Winona are available and approved for County use, (4) the Port Authority shall agree to ensure the reversion of title to the Port Authority in the event of a failure on the part of the Winona County Historical Society to raise the necessary matching funds for the proposed addition, or a failure for any reason to commence the building project within two (2) years of the completion of the transfer of the above-described parcel to the Winona County Historical Society; and (5) the Port Authority shall agree that, in the event that title reverts to the Port Authority pursuant to paragraph (4) of this Resolution, the Port Authority shall sell back the above-described parcel to Winona County at the same price at which they purchased it.

Adopted at Winona, Minnesota this 26<sup>th</sup> day of June 2007.

WINONA COUNTY BOARD OF COMMISSIONERS

David J. Stoltman, Chair

Attest:

Robert F. Reinert  
Clerk/County Administrator

EXHIBIT B

## **PORT AUTHORITY AGENDA ITEM**

**AGENDA ITEM: Port Authority Extended Contract for Commercial Dock Lease**

**DATE: July 12, 2007**

The Port Authority has a current lease of the Port Authority Commercial Dock facility with CD Corporation through February 2008. CD Corporation is looking to extend its lease while the Port Authority reviews options for a new dock facility in the harbor. The extension would run to February 2010. CD Corporation currently leases the dock for an annual fee of \$60,000 and the annual payment would remain the same during the extension.

If the Port Authority Commissioners concur with the Riverfront Committee recommendation regarding the extension, a motion to authorize the President and Executive Secretary to enter into the Amendment to the lease would be appropriate.

SECOND AMENDMENT TO  
LEASE AGREEMENT

THIS AGREEMENT made this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by and between the Port Authority of Winona, a body politic and corporate under the laws of the State of Minnesota, and C.D. Corporation, a Wisconsin corporation.

WITNESSETH:

WHEREAS, on March 24, 2005, the Port Authority of Winona, as Lessor, and C.D. Corporation, as Lessee, entered into a Lease Agreement, a copy of said Lease Agreement being attached hereto and incorporated herein by reference as Exhibit 1; and

WHEREAS, on October 24, 2006, the parties entered into a First Amendment to Lease Agreement which extended the term of the Lease to February 28, 2008; and

WHEREAS, the parties desire to further extend the term of the Lease Agreement;

NOW, THEREFORE, for valuable consideration, the parties agree as follows:

1. The term of the Lease is hereby extended to February 28, 2010.

2. Except as amended herein, all provisions of the Lease Agreement, dated March 25, 2005, are ratified and confirmed by both parties.





## **PORT AUTHORITY AGENDA ITEM**

**AGENDA ITEM: Quotes for Railroad Dike Breach Work**

**DATE: July 12, 2007**

The final activity with the Commercial Harbor Dredging Project is to complete the mitigation requirements in the Aghaming Park area. The work must be done between August 1 and September 1, 2007.

Staff will present the quotes received at the Port meeting.

## PORT AUTHORITY AGENDA ITEM

**AGENDA ITEM: Presentation of the 2006 Annual Financial Report**

**DATE: July 12, 2007**

At this meeting, Mr. Cliff Hoffman (representative of Deloitte & Touche LLP) will present the Port Authority's *Annual Financial Report as of and for the Year Ended December 31, 2006 and Independent Accountants' Compilation Report*.

This report is not an audit of the Port Authority. It is a Financial Report of the Port Authority for 2006. The audit reports, of the City of Winona for 2006, are included in the City's Comprehensive Annual Financial Report (CAFR) which presents the Port Authority in the column called "Component Unit." (The City of Winona's CAFR is a separate book and is available, upon request, by a Commission member.)

The Port Authority Commissioners are requested to accept their Annual Financial Report.

## PORT AUTHORITY AGENDA ITEM

**AGENDA ITEM: Investment Policy- Proposed Revision**

**DATE: July 12, 2007**

The City Council adopted the attached Investment Policy, for the City of Winona, on June 4, 2007. The revisions to this Policy are shown in the large bold print.

Reasons to enhance the current policy:

- Strongly encouraged by Moody's Investors Service, the City's Bond Rating Agency, to review (and update) on an periodic basis
- To continue to strive to make the policy better

The Port Authority is requested to adopt the revised **INVESTMENT POLICY**. If the Commissioners concur, a motion to adopt the Policy would be appropriate.

CITY OF WINONA, MINNESOTA  
**INVESTMENT POLICY – REVISED**

(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

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I. <b><u>SCOPE</u></b>	

**Changes to  
the policy  
are shown  
in this bold  
type.**

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(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

This policy applies to the investment of short-term operating funds.

1. Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

II. **OBJECTIVES**

The primary objectives, in priority order, of investment activities shall be as listed below.

1. Safety

The City shall strive to keep its investments in risk category one or two (as defined by the Governmental Accounting Standards Board Statement Number 3) throughout the year.

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

A. Credit Risk

Credit Risk is the risk of loss due to the failure of the security issuer or backer. Credit risk may be mitigated by:

- Limiting investments to the safest types of securities;
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which an entity will do business; and
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

B. Interest Rate Risk

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be minimized or eliminated by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
  - Holding the investments to maturity (which is the City's policy)
- And by investing operating funds primarily in shorter-term securities or money market funds.

CITY OF WINONA, MINNESOTA  
**INVESTMENT POLICY – REVISED**

(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in money market mutual funds which offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- 1) A declining credit security could be sold early to minimize loss of principal;
- 2) A security swap would improve the quality, yield, or target duration in the portfolio; or
- 3) Liquidity needs of the portfolio require that the security be sold.

4. Compliance with the Office of the State Auditor's (OSA) Guide

Investment activities shall be in compliance with the OSA's  
*Minnesota Legal Compliance Audit Guide for Local Government*

III. **STANDARDS OF CARE**

1. Prudence

The standard of prudence, to be used by the City Finance Director, shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The Finance Director, acting in accordance with written procedures and this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then

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(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material financial or related party interests in financial institutions or employees within which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

3. Delegation of Authority

Authority to manage the investment program and responsibility for the operation of the investment program is delegated to the Finance Director who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

IV. SAFEKEEPING AND CUSTODY

1. Authorized Financial Dealers and Institutions

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness (minimum capital requirement \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of Minnesota (state) registration
- Completed broker/dealer questionnaire, if provided
- Certification of having read, understood and agreed upon to comply with the

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(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

City's investment policy

- Broker certification form, as required by Minnesota State Law
- To receive, at a minimum, oral assurance of 1.) the awareness of the City's investment policy and 2.) that they would have no problem conforming to the policy

An annual review of the financial condition and registration of qualified financial institutions and broker/dealers may be conducted by the Finance Director.

From time to time, the City, as the investor, may choose to invest in instruments offered by minority and community financial institutions. These financial institutions may not meet all the criteria under Paragraph 1. All terms and relationships will be fully disclosed prior to purchase and will be reported to the City on a consistent basis and should be consistent with state or local law. Also, these types of investment purchases should be approved by the Mayor and Council, if appropriate, in advance.

2. Internal Controls

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the Finance Director shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- a. Control of collusion. Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- b. Separation of transaction authority from accounting and record keeping. By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- c. Custodial safekeeping. Securities purchased from any bank or dealer including appropriate collateral (as defined by Minnesota Laws) shall be placed with an independent third party for custodial safekeeping.
- d. Avoidance of physical delivery securities. Book entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically

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(ADOPTED: CITY COUNCIL-JUNE 4, 2007 & PORT AUTHORITY- JULY 8, 2004)

delivered securities.

- e. Clear delegation of authority to subordinate staff members. Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions.

Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

- f. Written confirmation of telephone transactions for investments and wire transfers should be sent directly to the City Finance Director. Due to the potential for error and improprieties arising from telephone transactions, all telephone transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and the safekeeping institution has a list of authorized signatures.
- g. Development of a wire transfer agreement with the lead bank or third party custodian. This agreement should outline the various controls, security provisions, and delineate responsibilities of each party making and receiving wire transfers.

3. Delivery vs. Payment

All trades where applicable will be executed by delivery vs. payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

V. SUITABLE AND AUTHORIZED INVESTMENTS

1. Investment Types

The following investments will be permitted by this policy.

(If Minnesota Statutes are more restrictive than this policy, the Statutes will be in effect for the types of investments for the City of Winona.)

- a. Governmental bonds, notes, bills, mortgages and other securities, which were direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities defined as "high risk"
- b. Repurchase agreements and reverse repurchase agreements
- c. Certificates of deposit and other evidences of deposit at financial institutions (such as checking and savings accounts)

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- d. Bankers' acceptances, issued by U.S. banks (per restrictions of the Minnesota Statutes)
- e. Commercial paper, issued by a U.S. corporation, rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less (City preference to limit to no more than 10% **[change to 20% of total investments]** in any one company)
- f. Mortgage-backed securities which are not considered "high risk" as defined by Minnesota Statutes
- g. General and revenue obligations of a state or local government (per Minnesota Statutes)
- h. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities

2. Collateralization

Per current Minnesota Statutes, to the extent that City funds deposited are in excess of available federal deposit insurance, the City shall require the financial institution to furnish collateral security or a corporate surety bond executed by a company authorized to do business in the State of Minnesota.

The total amount of the collateral computed at its market value shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the business. The financial institution may furnish both a surety bond and collateral aggregating the required amount.

Any collateral pledged shall be accompanied by a written assignment to the City of Winona from the financial institution. The written assignment shall recite that, upon default, the financial institution shall release to the government entity on demand, free of exchange or any other charges, the collateral pledged. Interest earned on assigned collateral will be remitted to the financial institution so long as it is not in default. The City may sell the collateral to recover the amount due. Any surplus from the sale of the collateral shall be payable to the financial institution, its assigns, or both.

A financial institution may withdraw excess collateral or substitute other collateral after giving written notice to the City of Winona (Finance Director) and receiving confirmation. The authority to return any delivered and assigned collateral rests

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with the City.

If a financial institution closes, all deposits shall be immediately due and payable. (See the Minnesota Statutes for more information regarding default-Chapter 118A,

**[Subd. 6.)-delete]**

All collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection shall be approved by the City of Winona.

Under the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), Section 1823(e), a security agreement, including a pledge of collateral for a deposit, is not valid against the FDIC unless it satisfies the following requirements:

1. It must be in writing,
2. It must be approved by the depository institution's board of directors or loan committee and that approval must be reflected in the minutes of the board or committee and
3. It must be an official record of the depository institution since it was executed.

Confirmation must be made that your institution is following the above procedures as they relate to collateralization of Public Funds. (Send the board or committee resolution, which approves the assignment of collateral, directly to the City Finance Director.)

3. Repurchase Agreements

Repurchase agreements (repos) are the sale by a bank or dealer of a government security with the simultaneous agreement to repurchase the security on a later date. Repos are commonly used by public entities to secure money market rates of interest.

Repurchase agreements and reverse repurchase agreements, per Minnesota Statutes, are only to be entered into with:

- a. A financial institution qualified as depository of public funds,
- b. Any other financial institution which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000,
- c. A primary reporting dealer in United States government securities to the

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Federal Reserve Bank of New York, or

- d. A securities broker-dealer having its principal executive office in Minnesota, licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt.

VI. **INVESTMENT PARAMETERS**

1. **Diversification**

The investments will be diversified by security type and institution.

2. **Maximum Maturities**

The City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

(The City will determine what the appropriate average weighted maturity of the portfolio should be.)

Reserve funds may be invested in securities exceeding five (5) years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds. The ability of investing these types of funds should be disclosed to the Mayor and Council including appropriate time restrictions disclosed, if any apply.

Due to the inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as money market funds to ensure that appropriate liquidity is maintained to meet ongoing obligations.

VII. **REPORTING**

1. **Methods**

The Finance Director shall prepare an investment report on a monthly basis that provides a clear picture of the status of the current investment portfolio.

2. **Performance Standards**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio may include a market average rate of return during a market/economic environment of stable interest rates. Portfolio

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performance may be compared to appropriate benchmarks on a regular basis.

3. Mark-to-Market

A review of the market value of the securities in the portfolio shall be made on at least a quarterly basis. These values should be disclosed to the City Manager and the City Council, at least quarterly, in a written report (if they are a material or a significant amount). (The report should include the change from the last year-end and the change for the quarter.)

The City is required to report investments at fair value in the balance sheet with changes in the fair value of investments to be reported in the operating statement (in the year-end Comprehensive Annual Financial Report - per GASB No. 31).

- Since the City's practice is to hold investments to maturity, the City does not expect the net increase or (decrease) in the fair value of investments, shown in the financial statements, to be realized.
- It is the Finance Director's decision, with approval of the City Manager, to appropriately allocate the net increase or (decrease) in the fair value of investments to the appropriate Funds.
- It would be an acceptable practice if the total net increase or (decrease), in the fair value of investments, would be allocated to the General Fund - for ease of reporting.

VIII. **POLICY**

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the Finance Director and any other appropriate authority.

3. Violation of the Policy

If an employee would violate the Investment Policy without permission, this violation shall be considered grounds for termination from City employment.

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