

**November 19, 2013**

**FOR YOUR INFORMATION . . . .**

This section is to highlight projects and events that do not require Council action but are necessary to keep you informed. Commission/Committee minutes will be contained in this section when they are available.

City Administrators Report

This will be included in the first Council Packet of each month.

Planning Commission Agenda Packet

EDA Agenda Packet

Public Works Commission Agenda

Cable Commission Agenda Packet

Library Board Agenda Packet

Ehlers Market Commentary



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## **EDA MEETING AGENDA**

**Wednesday, November 13, 2013**

**7:00 a.m.**

1. **CALL TO ORDER.**
2. **ROLL CALL:** Wulf, Duncan, Banks, Flaten and Mattson.
3. **EDA BUSINESS:**
  - A. Approval of Agenda.
  - B. Approval of Minutes – October 9, 2013.
  - C. Conflict of Interest Disclosure.
  - D. Memorandum of Understanding.
  - E. World Food Processing.
  - F. ED Project Updates.
    - PUC Hearing.
    - Cannon River Winery.
    - ArtOrg.
    - DeGarmo Annexation.
    - Other Business.
4. **ADJOURN.**

Posted: November 8, 2013.

918 River Road, Cannon Falls, MN \* 55009 \* 507-263-9300 \* Fax: 507-263-5843

The Cannon Falls Economic Development Authority (EDA) met on Wednesday, October 9, 2013 at 7:00 a.m. in City Hall. Present were Greg Wulf, Bill Duncan, Roxanne Flaten and Morris Mattson. Also present was the Director of Economic Development and Planning, Dave Maroney and Rosie Schluter.

Call to  
Order/Approve  
Agenda/Approve  
Minutes/Conflict  
of Interest  
Disclosure.

The meeting was called to order at 7:00 a.m. by Greg Wulf. Motion by Flaten, second by Mattson to approve the agenda and the minutes from the 9/11/13 meeting. Approved 4-0-0. No conflict of interest was disclosed.

PUC Hearing.

Dave Maroney reported that the Minnesota Public Utilities Commission (PUC) would hold a public hearing on October 15<sup>th</sup> to consider several projects that propose to generate 150 megawatts of electricity by 2017, including a proposal by Invenergy. Following discussion, the members indicated their support for the Invenergy proposal and for sending a letter to the PUC stating the same.

ED Project  
Updates.

Moline Annexation. Staff reported that the annexation petition was proceeding through the City Council process. More development details are anticipated following completion of the annexation.

Cannon/Third Street (Raw Bistro). The members agreed that the \$10,800 share by Raw Bistro could be structured as a loan participation with the Economic Development Authority and secured by an Assessment Agreement. Preliminary terms that were discussed included a maximum ten year (10-year) assessment term with a five year (5-year) balloon, a five percent (5%) rate of interest for the initial five (5) years with an interest rate adjustment and an interest rate reset for the remaining five years (5-years). Alternatively, the members discussed a five year (5-year) term with a fixed rate of four percent (4%) if the property owner preferred. Staff was instructed to negotiate a reasonable solution.

Cannon River Winery. The members were provided with a brief project update and information concerning the possibilities for seeking grant assistance from the State of Minnesota Redevelopment Grant Program. Dave Maroney said that he would be meeting with Bill Duncan and Roxanne Flaten immediately following the Economic Development Authority meeting to discuss project alternatives and financing.

World Food Processing. Dave Maroney reported on recent changes that had occurred at World Food Processing and also that Jerry Lorenzen would be visiting Cannon Falls soon to discuss how best to proceed from this point forward.

Other Business. Mr. Maroney informed the members that Casey's

would be open in November and that the Xcel power pole that is currently located within the east access will be “protected-in-place” and not relocated.

Adjourn. Motion by Duncan, second by Mattson to adjourn. Approved 4-0-0.

**To: Economic Development Authority.**

**FROM: Dave Maroney, Director of Economic Development and Planning.**

**SUBJECT: November 13, 2013 Agenda.**

**DATE: November 8, 2013.**

**Item 3 (D). Memorandum of Understanding.** The *November 13, 2013 Version* of the Memorandum is provided for your review and our discussion on Wednesday morning. The *italicized* font represents the current revisions. In the event that the revised language is acceptable, the Memorandum will be scheduled for review by the Public Works Commission of the City Council.

**Item 3 (E). World Food Processing.** Since our meeting in October, Jerry Lorenzen and I have met to discuss details pertaining to the land transaction and regarding his plans for development of the property. On November 12<sup>th</sup>, Mr. Lorenzen is scheduled to meet with Greg, Bob and I and the principal agenda item to discuss concerns the “one-year deadline” clause which requires that an approximate 12,000 square foot warehouse be constructed on the property by November 28, 2013. State Statute does allow the Economic Development Authority to *extend the time to comply with conditions if the purchaser (World Food Processing, LLC) has good cause.* My hope is that we will have a recommendation for your consideration on Wednesday morning.

**Item 3 (F). ED Project Updates.**

**PUC Hearing.** Aaron attended the PUC hearing concerning Invenergy’s proposal to generate an additional 150 megawatts of electricity by 2017. Apparently all went well and the PUC selected Invenergy’s proposal as one of the two that will be evaluated further - Calpine Corporation in Mankato was the other. The PUC intends to make a determination by the end of this year.

**Cannon River Winery.** Immediately following last month’s meeting, Bill, Roxanne and I met to discuss the project. Since then, I have been in communication with John Maloney but we have not been able to schedule time to meet. Wednesday morning I will provide you with a further update.

**ArtOrg.** The Agreement with ArtOrg stipulates that they are to invest \$150,000 into their property by November 29, 2013 and also submit a renovation plan and budget for approval by the EDA. To date, ArtOrg has invested approximately \$60,000 (not including any “in-kind” participation that has not yet been accounted for). ArtOrg remains “current” on their loan payments for the \$150,000 EDA loan. My suggestion is that the EDA agree to extend the November 29<sup>th</sup> date to January 8, 2014 subject to ArtOrg submitting a renovation plan, budget and construction schedule on or before the extension date.

**DeGarmo Annexation.** On November 5<sup>th</sup> the City Council called for a public hearing to be held December 17<sup>th</sup> relating to a petition requesting annexation of approximately 6-acres of land located west of Highway 52, north of the west roundabout – *see enclosed map.*

**Other Business.** Reserved for topics that may be added prior to Item 3(A) - Approval of Agenda.

**MEMORANDUM OF UNDERSTANDING**

**This Memorandum of Understanding** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the **ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF CANNON FALLS**, a public body corporate and politic under the laws of the State of Minnesota (“EDA”) and the **MAYO CLINIC HEALTH SYSTEM CANNON FALLS** (“Mayo”).

**RECITALS**

A. Mayo has purchased land in Cannon Falls to construct a new hospital and related facilities.

B. Mayo currently owns and operates a hospital and related facilities at the location indicated on the attached Exhibit “A” (“Property”) which will be closed and redeveloped in conjunction with the opening of the new facilities.

C. Mayo has invited the EDA to: (a) assist them with the task of preparing a redevelopment plan that is responsive to the needs and interests of the neighborhood and community; and (b) help guide them through the implementation process.

**NOW, THEREFORE**, the parties agree as follows:

1. The EDA will assist Mayo in preparing a redevelopment plan for the Property. The redevelopment plan currently under consideration includes demolition of the existing hospital, removal of an existing parking lot to create land area for a new Neighborhood Park, and installation of public infrastructure that is required to facilitate construction of six (6) new dwelling units pursuant to the concept generally represented by the attached *Development Plan*. The three (3) existing dwelling units (identified as “Mayo” on the *Development Plan*) located on the Property are proposed to be sold by Mayo “as-is”.

2. If requested to do so by Mayo, the EDA will assist Mayo in preparing and implementing a marketing program that is designed to accomplish the outcomes represented by the *Development Plan*. Any cost that may be incurred by the EDA to implement the marketing program will be reimbursed by Mayo provided: (a) Mayo has authorized the EDA to incur the expense; and (b) the EDA has presented a written invoice to Mayo detailing the expenditure. Mayo agrees to reimburse the EDA within sixty (60) days of the invoice date.

3. Mayo agrees to make three (3) lots available for purchase by the Cannon Falls Housing Initiative (“CFHI”) pursuant to the following schedule and price: (a) no later than August 15, 2015, the CFHI agrees to pay Mayo \$ \_\_\_\_\_ cash for the first lot; (b) no later than August 15, 2016, the CFHI agrees to pay Mayo \$ \_\_\_\_\_ cash for the second lot; and (c) no later than August 15, 2017, the CFHI agrees to pay Mayo \$ \_\_\_\_\_ cash for the third lot. The

CFHI will determine the three (3) lots that they intend to purchase and notify Mayo of their selection no later than August 15, 2014.

New infrastructure will be constructed to facilitate implementation of the *Development Plan*. The City of Cannon Falls will levy assessments against all properties that are benefitted by the infrastructure improvements, including the six (6) lots identified by the *Development Plan*. In the event that the actual amount of the assessment levied by the City of Cannon Falls against any lot that the CFHI intends to acquire from Mayo exceeds \$ \_\_\_\_\_, the CFHI retains the right to: (a) not acquire the lot; or (b) renegotiate terms with Mayo.

Annually and no later than December 1st, the CFHI agrees to reimburse Mayo for any assessment amount that has been paid by Mayo, principal and interest, for each of the three (3) lots that are being acquired by the CFHI. Upon purchase of a lot from Mayo, the CFHI will assume any outstanding assessment that is due and payable against said lot purchased.

In the event that the CFHI does not acquire three (3) lots from Mayo, but has nonetheless reimbursed Mayo for assessments paid, Mayo agrees to rebate to the CFHI the reimbursement amount paid by the CFHI for any lot or lots not purchased by the CFHI.

4. The EDA will assist Mayo with preparing plans for any changes to public infrastructure that will be required to implement the *Development Plan*. The EDA and Mayo will jointly prepare a proposal to finance infrastructure costs and the EDA will present the same to the City Council for their review and approval.

5. The EDA will assist Mayo in obtaining any necessary land use approvals from the City of Cannon Falls. Furthermore, the current *Development Plan* proposes to vacate some or all of the Floyd Street right-of-way located between Blocks 18 and 19 of the Cannon Falls Central Addition and the EDA will recommend to the City Council that a public hearing be initiated to process formal consideration of the proposed street vacation. In the event that the vacation is approved and a buildable lot results, then Mayo will market the parcel for sale or lease. Any proceeds that may result from the sale or lease of this parcel will be shared equally by and between the EDA and Mayo.

6. Mayo will finance costs to implement the *Development Plan* including but not limited to: (a) demolition; (b) removal of blacktop; (c) public infrastructure as outlined by the attached Exhibit "C" (City Engineer's Preliminary Report); (d) site restoration; (e) professional fees including engineering, legal and survey; and (f) related expenses incurred to redevelop the Property pursuant to the *Development Plan*. Proceeds from the sale or lease of the three (3) existing dwelling units and the sale or lease of lots that are created through redevelopment of the Property pursuant to the *Development Plan* will be the sole source of revenue available to reimburse Mayo for costs incurred to implement the *Development Plan*. DELETE THE FOLLOWING TWO SENTENCES: *The maximum amount of reimbursement to Mayo will not exceed the total cost that Mayo incurs to implement the Plan. In the event that total revenues exceed total costs, the EDA and Mayo will determine how best to distribute any surplus.*

7. Either party may terminate this Memorandum of Understanding upon sixty (60) days written notice to the other party.

**IN WITNESS WHEREOF**, the parties hereto have executed this document effective the date first set forth above.

**ECONOMIC DEVELOPMENT AUTHORITY**

BY: \_\_\_\_\_  
Greg Wulf, President

AND \_\_\_\_\_  
Aaron Reeves, City Administrator

**MAYO CLINIC HEALTH SYSTEM CANNON FALLS**

BY: \_\_\_\_\_

It's: \_\_\_\_\_

# Development Plan

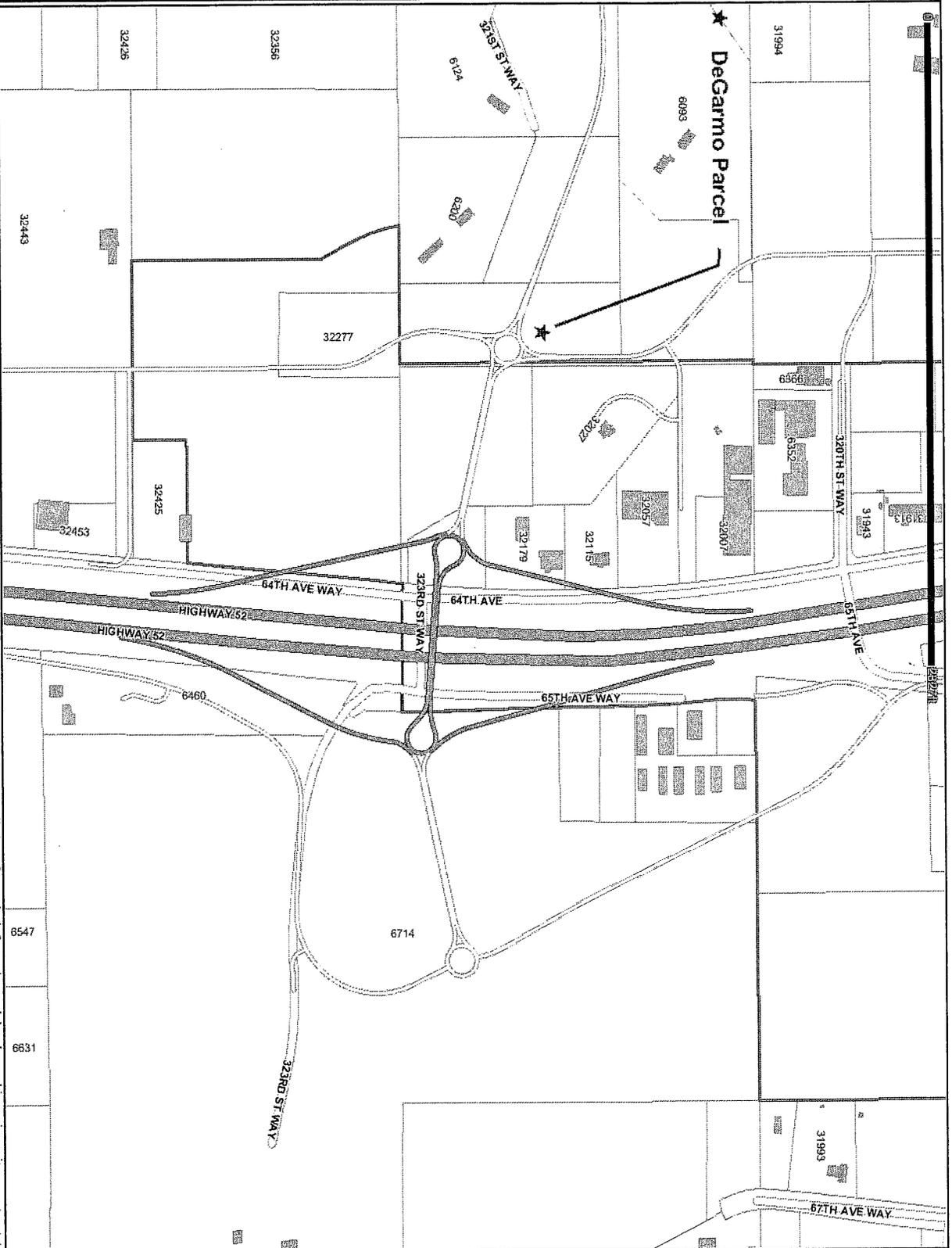
## Memo of Understanding



This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state and federal offices and other sources regarding the area shown, and is to be used for reference purposes only. Created From Cannon Falls Online Mapping Site. Sources: Goodhue County, MN; City of Cannon Falls, MN. Map Created: 10/17/2013

# DeGarmo Annexation Petition

November 5, 2013



- ◆ Cities
- ▭ County Boundaries
- ▭ Railroad
- ✈ Airports
- ✈ Cannon Falls Trails
- ▭ Proposed Trail
- ▭ Preliminary TH52 Alignment
- ▭ County Road
- ▭ US Highway
- ▭ City Trails
- ▭ Structures
- ▭ Roads
- ▭ US Hwy
- ▭ State Hwy
- ▭ County
- ▭ Lakes & Rivers
- ▭ Parcels
- ▭ Unincorporated Community
- ▭ City Parks
- ▭ Municipalities

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## **CABLE COMMISSION AGENDA**

**Wednesday, November 13, 2013**

**5:30 P.M.**

- 1. CALL TO ORDER**
- 2. ROLL CALL:** Gesme, Holst, Mattson, Schluter
- 3. BUSINESS**
  - A. Meeting Minutes for September 11, 2013
- 4. DISCUSSION**
  - A. Franchise Renewal Update
  - B. Finance Review
  - C. Coordinator's Report
- 5. ADJOURN**

The Cannon Falls Cable Commission met in a regular session on Wednesday, September 11, 2013 at 5:30 p.m. at City Hall. Present were Commission members Schluter, Mattson, and Gesme. Absent were Holst and Brintnall.

- |   |   |
|---|---|
| Call to Order                               | The meeting was called to order at 5:30 p.m.  |
| Minutes                                     | Motion by Schluter, seconded by Mattson to approve the July minutes as presented. All aye.  |
| Franchise<br>Renewal Public<br>Meeting Date | The Commission briefly discussed the status of franchise renewal. The needs assessment is in progress. The members agreed on a date for the public forum, October 22 <sup>nd</sup> at City Hall. Gesme will promote the event.  |
| Finance Update                              | The Commission reviewed the financial reports for the month of August. The outstanding PEG fees have been paid, and there have been some DVDs sales. Purchases include DVD media, lens filters, batteries, and the annual renewal of the TotalInfo service.   |
| Coordinator's<br>Report                     | Gesme reported on recent programming and projects. The mural celebration events and vintage band concert were featured. Live fall sports have begun, including football and volleyball. The new collaboration with the Historical Society titled Our History will debut soon. Gesme reports using social media more regularly. Gesme will attend the MACTA Conference on October 29 <sup>th</sup> . Plans are being made for Gesme's absence in September, and technicians are being trained to cover duties. There may be a need to add an additional student toward the winter sports season. The Commission will need to seek another member after the resignation of Bob Brintnall. |
| Adjournment                                 | With no further business, the meeting was adjourned.  |

11/08/13  
09:34:12

CITY OF CANNON FALLS, MN  
Revenue Budget vs. Actual Query  
For the Accounting Period: 10 / 13

Page: 1 of 1  
Report ID: B110A

Funds 220- 220

% of Revenue

Fund	Account	Current Month	Received YTD	Estimated Revenue	Revenue To Be Received	Received %
220 CABLE PUBLIC TELEVISION FUND						
318100	FRANCHISE FEES-TAXES	6,755.98	20,344.24	27,000.00	6,655.76	75 %
321510	FRANCHISE ACCESS FEES	752.87	14,088.59	10,000.00	-4,088.59	141 %
341500	SALE OF MAPS AND PUBLICATIONS	0.00	42.00	300.00	258.00	14 %
361100	BANK INTEREST	0.00	25.69	0.00	-25.69	** %
	Fund Total:	7,508.85	34,500.52	37,300.00	2,799.48	92 %
	Grand Total:	7,508.85	34,500.52	37,300.00	2,799.48	92 %

11/08/13  
09:35:18

CITY OF CANNON FALLS, MN  
Expenditure Budget vs. Actual Query  
For the Accounting Period: 10 / 13

Page: 1 of 1  
Report ID: B100A

Funds 220- 220

Account	Object	Committed Current Month	Committed YTD	Original Appropriation	Current Appropriation	Available Appropriation	% Comm.
220 CABLE PUBLIC TELEVISION FUND							
492500 CABLE/PUBLIC TELEVISION							
1030	PART TIME WAGES	239.25	930.19	3,200.00	3,200.00	2,269.81	29 %
1210	PERA	0.00	0.00	250.00	250.00	250.00	0 %
1220	FICA	18.30	71.16	250.00	250.00	178.84	28 %
1510	WORKMANS COMPENSATION	0.00	0.00	100.00	100.00	100.00	0 %
2010	OFFICE SUPPLIES	0.00	32.28	400.00	400.00	367.72	8 %
2210	EQUIPMENT PARTS	0.00	1,133.81	500.00	500.00	-633.81	227 %
3090	DATA PROCESSING	0.00	113.99	0.00	0.00	-113.99	*** %
3310	TRAVEL & TRAINING	290.00	392.24	400.00	400.00	7.76	98 %
4330	DUES AND SUBSCRIPTIONS	0.00	150.00	150.00	150.00	0.00	100 %
4390	OTHER CHARGES	0.00	5,233.64	2,000.00	2,000.00	-3,233.64	262 %
5800	EQUIPMENT	0.00	119.99	10,000.00	10,000.00	9,880.01	1 %
7200	TRANSFERS	0.00	0.00	31,000.00	31,000.00	31,000.00	0 %
	Account Total:	547.55	8,177.30	48,250.00	48,250.00	40,072.70	17 %
	Fund Total:	547.55	8,177.30	48,250.00	48,250.00	40,072.70	17 %
	Grand Total:	547.55	8,177.30	48,250.00	48,250.00	40,072.70	17 %

Cannon Falls Library Board  
Agenda  
Tuesday November 12, 2013  
6:00 pm  
at  
the Library.

- 1) Approval of Agenda
- 2) Consent Agenda
  - a. October Minutes
  - b. Director's Report
  - c. September Financials
- 3) Board Business
  - a. SELCO/SELS report
  - b. Justin's Evaluation
- 4) Adjournment

Next meeting  
December 9, 2013  
6:00 pm

Cannon Falls Library  
Director's Report  
November 7, 2013

**Program Attendance:**

Adults

Movies	12
Author	18
Paranormal	43
Bookclub	7

Children

Lunch Bunch	54
Storytime	97
HG Art	180

**E-Materials**

2012 44 users checked out 179 e-materials  
2013 63 users checked out 250 e-materials

**Staff Accomplishments**

As you can see by our numbers, October was a busy month for the library. The staff planned and offered multiple programs that appealed to a wide variety of audiences. We were once again happy to offer the Hannah Griggs Art Project through a generous donation by Dave and Bev Griggs. This project allows our local children to create their own artwork using supplies provided by the Griggs family, and facilitated by library staff.

Author Wayne Jorgenson presented a program discussing Minnesotans who served during the Civil War, and the Hastings Paranormal team helped our patrons explore the possibilities of ghosts.

**Board Business**

The majority of the board meeting this month will be to evaluate my job as library director.

October 14, 2013  
Cannon Falls Library Board Meeting Minutes

Present: Justin Padgett, Jason Ochocki, Carol Price, Mary Harkins, Nancy Tietz

Meeting was called to order at 6:00 p.m.

Carol Price made a motion to approve the Agenda; Nancy Tietz seconded; motion passed.  
Carol Price made a motion to approve the Consent Agenda; Nancy Tietz seconded; motion passed.

## **BUSINESS**

### Easel Exhibit

The Easel Exhibit is a traveling art exhibition that is hosted at different libraries each year. In the past, the Cannon Falls Library did not have the room to host such an event. Some of the display will be on a Walker System, which is the system the Library is considering, and this would be a good opportunity to see it in action. There is a possible collaborative grant associated with this. Justin suggested reaching out to other organizations (quilting clubs, Historical Society, Tuesday Club) to be part of the collaboration.

Carol Price made a motion to offer the Library as a site for the Easel Exhibit and to pursue the associated collaborative grant; Mary Harkins seconded; motion approved.

### Library Director Evaluation

It is that time of year again. Justin will send out the evaluation and it should be returned to Jason Ochocki to compile. Because the Board does not see Justin in action on a day to day basis, he will also provide his staff with the evaluation in order to get broader feed-back.

Next meeting: Because of the Veterans Day holiday on November 11, 2013, the next Board meeting will be held on Tuesday, November 12, 2013.

At 6:15 p.m., Mary Harkins made a motion to adjourn, seconded by Nancy Tietz; motion passed.

Respectfully submitted,

Mary Harkins

SELCO - SELS  
Quarterly Board Meeting  
Oct. 22, 2013

Highlights: Northfield Open House. Houston, MN has Yarn Bombing pictures on facebook.

\* Book - "Turn Here - Sweet Corn" by Atlina Diffley, reviewed and highly recommended for everyone; middle school and teens up.

Agenda and consent agenda approved. I have attachments for the quarterly July meeting minutes

- b. SELCO-SELS financial reports
  - c. report of president
  - d. report of executive director
  - e. report of ILS Operations & Technology Policy Committee & Technical Committee
  - f. draft minutes executive committee
  - g. endorsement MLA/MEMO legislative platform
  - h. report SELCO advisory committee liaison
- if any one wishes to review them.

The annual audit - by Smith Schafer & Assoc. was reviewed, accepted and approved for both SELCO and SELS. It showed figures under budget in all categories and unrestricted

funds are at appropriate percentages.

SELCO-SELS Strategic & Technical Planning Process update was presented and discussed.

A news letter will be sent to everyone on the highlights from the MLA Conference. LSTA grant applications are approved.

There was discussion on libraries combining to put pressure on companies to be consistent

in pricing and what to do about private publishers who circumvent the big companies. (companies are charging libraries more (a lot) than individual purchasers. ) Legislature wants nothing to do with the issue.

## Surprisingly Strong Jobs Report Boosts Stocks, Increases Bond Yields

For most of the past two weeks, the economic news in the U.S. was relatively quiet. On Wednesday, October 29, the Federal Reserve's Federal Open Market Committee (FOMC) concluded its policy meeting and announced no changes to its program of asset purchases. This didn't change the consensus of most economic commentators, who had predicted that the FOMC would delay a decision to "taper" its asset purchases until early 2014. From October 25 through November 7, the major U.S. stock indices remained in fairly narrow ranges, as did yields on treasuries and municipal bonds.

All of that changed on Friday, November 8, when the Labor Department released its monthly jobs report, which showed unexpectedly strong job growth. The report showed growth of 204,000 jobs in October – well above economists' expectations – as well as upward revisions of 60,000 jobs in August and September. The unemployment rate increased slightly, from 7.2% to 7.3%, but this was affected by the large number of federal government workers temporarily laid off during the shutdown. Economists at RDQ Economics wrote that "adjusted for government workers on temporary layoff, the unemployment rate fell to 7.0% from 7.2%." (*The Bond Buyer*, November 8, 2013).

Not all economists agree that this is a clear sign of more robust and lasting growth in the U.S. economy. Some noted that the Labor Department's jobs data for October are still preliminary, and will be adjusted (either up or down) in later reports. Others noted that labor force participation is still historically low (due to discouraged workers leaving the work force) and that the U.S. economy has still not recovered all of the jobs lost in the recent recession.

Nevertheless, investors seemed excited about the signs of growth in the U.S. economy, and stock prices rose sharply last Friday. The Dow Jones Industrial Average rose more than 1% on the day, closing at a new record high. The S&P 500 rose by more than 1.3%, closing just below the all-time record high set on October 29.

As is often the case, rising stock prices were accompanied by declining bond prices – and increasing bond yields. The yield on the ten year Treasury note increased by 14 basis



points on Friday, from 2.61% to 2.75%, the highest close since September 17. Municipal bond yields also increased; the 10 year yield for AAA, non-bank qualified bonds, as reported by Thomson's Municipal Market Data, rose by 9 basis points on Friday, to 2.58%. The table below shows that municipal bond yields were generally up slightly from October 25 to November 8, but almost all of the increase occurred on November 8. (The Bond Buyer 20 Bond Index is actually set weekly every Thursday afternoon, so it doesn't reflect the market changes on Friday.)

Bond yields in the next several months will be affected not only by economic data, but also by the Federal Reserve's decisions on its asset purchases. After Friday's jobs report, many economists predicted that the FOMC could announce the tapering of its asset purchases at its next meeting in late December. Others were less certain about this course. *Fortune* writer Nin-Hai Tseng wrote the "Washington stalemate has become a more immediate threat to the economy than the jobs report says," and suggested any change in the Fed's asset purchases would likely be delayed until after the next deadlines on the federal budget (in January) and the federal debt limit (in February) have passed. (*CNNMoney*, November 8, 2013).

### Trends in Municipal Bond Yields October 25 to November 8, 2013

	October 25th	November 8th	Change
AAA Yields*			
5 Years	1.13%	1.15%	0.02%
10 Years	2.49%	2.58%	0.09%
20 Years	3.73%	3.83%	0.10%
30 Years	4.07%	4.15%	0.08%
Bond Buyer 20 Bond Index**	4.56%	4.56%	0.00%

Source:

\* Thomson Reuters Municipal Market Data

\*\* The Bond Buyer. Average yield on a portfolio of municipal bonds maturing in 20 years, with an average rating of AA/Aa2.

For those of you who are considering plans to issue debt in the next few months, it is impossible for us to say whether Friday's rate increases will be permanent. As noted in



past editions of this commentary, the one thing we are reasonably certain about is that markets will be volatile in coming weeks and months. We encourage you to stay in touch with your Ehlers financial advisor for the latest news.

## Voter Approval of Local Tax Increases on the Upswing?

Most local governments in our service area do not usually need voter approval to issue debt or increase tax levies. However, Ehlers works with many Minnesota school districts, most of whom must frequently hold referendums for both debt issuance and operating fund revenues. So we monitor trends in this sector very closely. And results over the last two years have provided some encouraging signs. Our records\* show that 59 Minnesota school districts held “operating referendums” (to maintain or increase general fund revenue) on November 4, 2013, and that 51 of the 59 districts (86.4%) received voter approval of at least one question. This is the highest rate of approval of operating referendums since 1997. Even a year ago the approval rate for operating referendums was 73.2%, which was the highest approval rate in a presidential election year since the State began compiling data in 1991. (Approval rates of school referendums are generally lower in years with national and statewide elections).

There were also 21 Minnesota school districts that held bond referendums last week, and 17 of those districts received voter approval of at least one question\*. This is also a higher approval rate than in recent years. (For Wisconsin schools, the Department of Public Instruction reports that four of six bond referendums held last week were approved by voters; there were no referendums last week for operating revenue increases in Wisconsin.)

We would suggest great caution in generalizing these results too much. As the old saying goes, “all politics is local.” There are always many factors that contribute to the passage or failure of any local referendum. But we are hopeful that this may be a sign of improving voter attitudes toward well-crafted requests for property tax increases, and that school districts and other local governments may now be more likely to plan referendums to meet critical needs.

\* The Minnesota election results quoted above are based on reports from the Minnesota School Boards Association, various news sources, and from Ehlers clients.

### No Investment Advice or Offers

Nothing in this article constitutes investment advice, including, but not limited to Ehlers filings with the Securities and Exchange Commission, Municipal Securities Rulemaking Board, or recommendations as to the suitability of any specific product or service. Ehlers provides public finance materials for convenience and information only. Additionally, this material is provided for educational purposes only and should not be construed as investment advice or an offer or solicitation to buy Ehlers' products or services.





**Competitive Sale Results October 28 - November 8, 2013**

Sale Date	Issuer	St	Par Amt (in millions)	Issue	Underlying Rating	Credit Enhanced Rating	BQ	TIC / NIC	Maturities	# of Bidders	Winning Bidder
10/28/13	Shawnee, City	KS	5.18	Internal Improvement Bonds	Aa1		Y	1.68%	2014-23	12	Raymond James
10/28/13	Columbia Heights, City	MN	2.78	GO Improvemnt and Utility Revenue Bonds	AA		Y	1.85%	2015-24	7	United Banker's Bk
10/28/13	St. Peter, City	MN	4.72	GO Municipal State Aid Bonds	AA-		Y	2.63%	2015-28	3	Baird
10/28/13	Victoria, City	MN	1.66	GO Permanent Improvement Revolving Fund Bonds	AA+		Y	2.89%	2016-30	3	Baird
10/28/13	New York Mills SD No. 553	MN	1.52	GO School Building Bonds	Aa2		Y	1.22%	2015-19	4	BOSC
10/30/13	Bloomington, City	IL	9.23	GO Bonds	Aa2/NR/AA+		Y	2.11%	2015-23	5	BMO
10/30/13	Evanston, City	IL	28.88	GO Refunding Bonds	Aa1/NR/AA+		N	1.98%	2014-25	12	Baird
10/30/13	Barnesville, City	MN	0.35	GO Improvement Bonds	NR		Y	3.36%	2019-29	3	United Banker's Bk
10/30/13	Saukville, Village	WI	1.79	GO Refunding Bonds	Aa3		Y	2.87%	2014-30	3	Bankers' Bank
10/31/13	Forest Park Park District	IL	5.37	GO Park Bonds	A2/AA		Y	4.63%	2014-38	2	BOSC
11/04/13	Westchester Park District	IL	1.75	GO Park Bonds	A+		Y	3.62%	2014-26	2	Baird
11/04/13	Mulvane, City	KS	8.23	GO Bonds	AA-		Y	3.34%	2015-34	5	BOSC
11/04/13	Atchison SD No. 409	KS	0.98	GO Improvement Bonds	A+		N	4.02%	2015-34	5	George K. Baum
11/04/13	Bloomington, City	MN	4.18	GO Permanent Improvement Revolving Fund Bonds	Aaa/AAA/AAA		Y	1.82%	2015-24	7	Piper Jaffray
11/04/13	Bloomington, City	MN	5.14	GO Permanent Improvement Revolving Fund Refunding Bonds	Aaa/AAA/AAA		Y	2.08%	2015-30	6	Piper Jaffray
11/04/13	Granite Falls, City	MN	1.89	Electric Revenue Bonds	NR		Y	3.54%	2015-28	2	Northland Securities
11/04/13	Shoreview, City	MN	2.27	GO Bonds	AAA		Y	3.03%	2015-35	3	Baird
11/04/13	Braham SD No. 314	MN	2.71	GO School Building Refunding Bonds	AA-	Y	Y	1.14%	2015-19	5	Piper Jaffray
11/04/13	Nobles Coutry	MN	2.91	GO Water Revenue Refunding Bonds	AA+		Y	3.03%	2015-32	3	Piper Jaffray
11/04/13	Pipestone County	MN	1.57	GO Hospital Refunding Bonds	AA		Y	1.76%	2015-22	1	BOSC
11/04/13	Outagamie County	WI	1.83	Taxable Go Airport Bonds	Aaa		N	4.08%	2014-33	2	Baird
11/05/13	Winnetka, Village	IL	9.00	GO Bonds	Aaa		Y	4.14%	2015-46	6	BMO
11/05/13	Topeka Public Building Commission	KS	57.42	Leasehold Revenue Bonds	AA		N	3.78%	2015-33	6	BA Merrill Lynch
11/05/13	New Germany, City	MN	1.51	GO Bonds	AA		Y	4.18%	2017-35	1	Baird
11/05/13	Wauwatosa, City	WI	4.58	Waterworks System Revenue Bonds	Aa2		N	3.66%	2015-34	5	Stifel Nicolaus
11/05/13	Wauwatosa, City	WI	9.48	GO Sewerage Bonds	Aaa		N	3.64%	2014-33	4	William Blair
11/06/13	Lake County	IL	30.00	General Obligation Road Bonds	Aaa/AAA		N	2.09%	2014-22	12	Hutch