

December 17, 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

LMC Experienced Officials Conference Information

Let Sara know if you would like to attend. The City pays for all conference and travel costs.

Mediacom Rate Change Notice

**Cannon Falls Planning Commission Meeting
City Hall Council Chambers
October 14, 2013
6:30 p.m.**

The Cannon Falls Planning Commission met Monday, October 14, 2013 at 6:30 p.m. in the City Council Chambers. Present were Chair Daniel Pidd and Commissioners David Price, Mark Longtin, Bruce Hemmah, Jay Sjoblom, and Colleen Charnell. Also present were Dave Maroney, Director of Economic Development and Planning, and Council Member Bill Duncan. Commissioner Duden was absent.

- | | |
|---|--|
| Call to Order | Chair Pidd called the meeting to order at 6:30 p.m. |
| Roll Call | Chair Daniel Pidd and Commissioners David Price, Mark Longtin, Bruce Hemmah, Colleen Charnell, and Jay Sjoblom. |
| Approval of Agenda | Commissioner Price moved, seconded by Commissioner Hemmah and unanimously carried, to approve the agenda as presented. |
| Approval of Minutes | Commissioner Longtin moved, seconded by Commissioner Price and unanimously carried to approve the September 9, 2013, meeting minutes as presented. |
| Public Input | There was no public input. |
| Public Hearings | None. |
| Discussion Items:
Casey's Highway
Area Directional Sign | Dave Maroney reviewed the concerns regarding the lighting of Casey's highway area directional sign. He stated he has been in contact with Persona Sign Makers and believes that questions have been adequately addressed relating to the light cast by the proposed sign. The Commissioner's agreed. |
| Raw Bistro/Cannon
and Third Street
Infrastructure | Dave Maroney reviewed the proposed infrastructure improvements, including traffic control, noting that the State of Minnesota through a DEED grant has agreed to help pay for the improvements. He noted that the rain garden would filter water prior to being released into the Cannon River. The improvement project is expected to be constructed in 2014. |
| Moline Annexation
Update | Dave Maroney provided an update regarding the proposed annexation of approximately 52 acres owned by the Moline family located just south of the new hospital. He noted that existing businesses in the area are zoned for highway commercial land use and the balance of the property is designated as residential land use in the 2003 Land Use Plan. Commissioners were asked to consider appropriate zoning for the property, which will be zoned as an Urban Reserve District once annexed. Land use options include residential, commercial, combination of both, or one or more PUDs, including Southeast Campus PUD. Mr. Maroney noted that access to the property will be somewhat limited by |

State and County roads which effectively divide the property into three distinct areas that will not be interconnected and may be appropriate for different land use classifications. The property could be platted all at once or in separate several-acre developments with an overall concept proposal in place for the entire property.

Consensus was that the residential land use (2003 Land Use Plan) would most likely not be a good fit but it was best to leave options open and see what Brent Moline proposes for development.

Mulvihill Property
Concept Plan

Dave Maroney explained he had sent the proposed plan for 121 homes to MnDOT. The main issue for this development may be vehicular access to Highway 19 and pedestrian connection across Highway 19, as it is close to the elementary school. After discussing an at-grade crosswalk, an overpass and an underpass at various possible locations, Commissioner consensus was that an at-grade controlled intersection at 71st should be evaluated further. Dave Maroney will move discussions forward with MnDOT to narrow down the access and crossing options and will also meet with School District officials to discuss this matter.

Planning
Commission
Member Comments

Commissioner Hemmah spoke to concerns of noise level for trucks and other vehicles on Highway 19 and asked whether the noise ordinance was being enforced. Commissioners concurred that noise problems seemed to be greater this year than in the past.

Adjourn

Commissioner Price moved, seconded by Commissioner Hemmah and unanimously carried, to adjourn the meeting at 7:30 p.m.

**CITY OF CANNON FALLS
PLANNING COMMISSION MEETING AGENDA
Monday, December 2, 2013
6:30 p.m.**

- 1. CALL TO ORDER.**
- 2. ROLL CALL:** Pidd, Price, Longtin, Hemmah, Duden, Charnell and Sjoblom.
- 3. APPROVAL OF AGENDA:**
 - A. Conflict of Interest Disclosure reminder.
- 4. APPROVAL OF MINUTES:**
 - A. October 14, 2013.
- 5. PUBLIC INPUT:**
 - A. Citizens may speak to issues not on the agenda. Before speaking, please give your name and address for the record. Please limit your comments to three minutes.
- 6. PUBLIC HEARINGS:**
 - A. Variance - Molenaar Trust Property.
- 7. DISCUSSION ITEMS:**
 - A. Resolution 2013 – 9. Variance - Molenaar Trust Property.
- 8. PLANNING COMMISSION MEMBER COMMENTS.**
- 9. ADJOURN.**

Meeting Schedule

Next Regular City Council Meeting..... Tuesday, December 3, 2013.
Next Regular P. C. Meeting..... Monday, January 13, 2014.

TO: Planning Commission.

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

SUBJECT: December 2, 2013 Agenda.

DATE: November 27, 2013.

Item 6 (A). Public Hearing – Variance. On behalf of the Robert E. and Mary G. Molenaar Trusts (“Owner”), Dr. Karl Molenaar (Trustee) has made application for a Variance to allow a residential lot to be created within the Urban Reserve District (“UR District”) that does not comply with the minimum lot width standard of 250-feet (Section 152.466) – see the accompanying aerial photograph and Samuelson Survey. The Survey proposes a lot width along Highway No. 20 of 179.65-feet. Although the proposed lot area for *Parcel B* exceeds the 10-acre minimum area requirement established for the UR District, the remaining frontage along Highway 20 controlled by the Owner is less than 250-feet.

The “Winchell Property” lot has been approved for construction of a single family dwelling in accordance with Section 151.046 - a frontage of approximately 300-feet was needed to satisfy the 10-acre minimum lot area standard. Prior to approving the lot for Winchell’s, the total frontage controlled by the Owner along Highway 20 was approximately 480-feet which prevented the creation of two lots of 250-feet each. Without a Variance or Zoning Amendment, existing zoning regulations preclude construction of a single family dwelling on *Parcel B*.

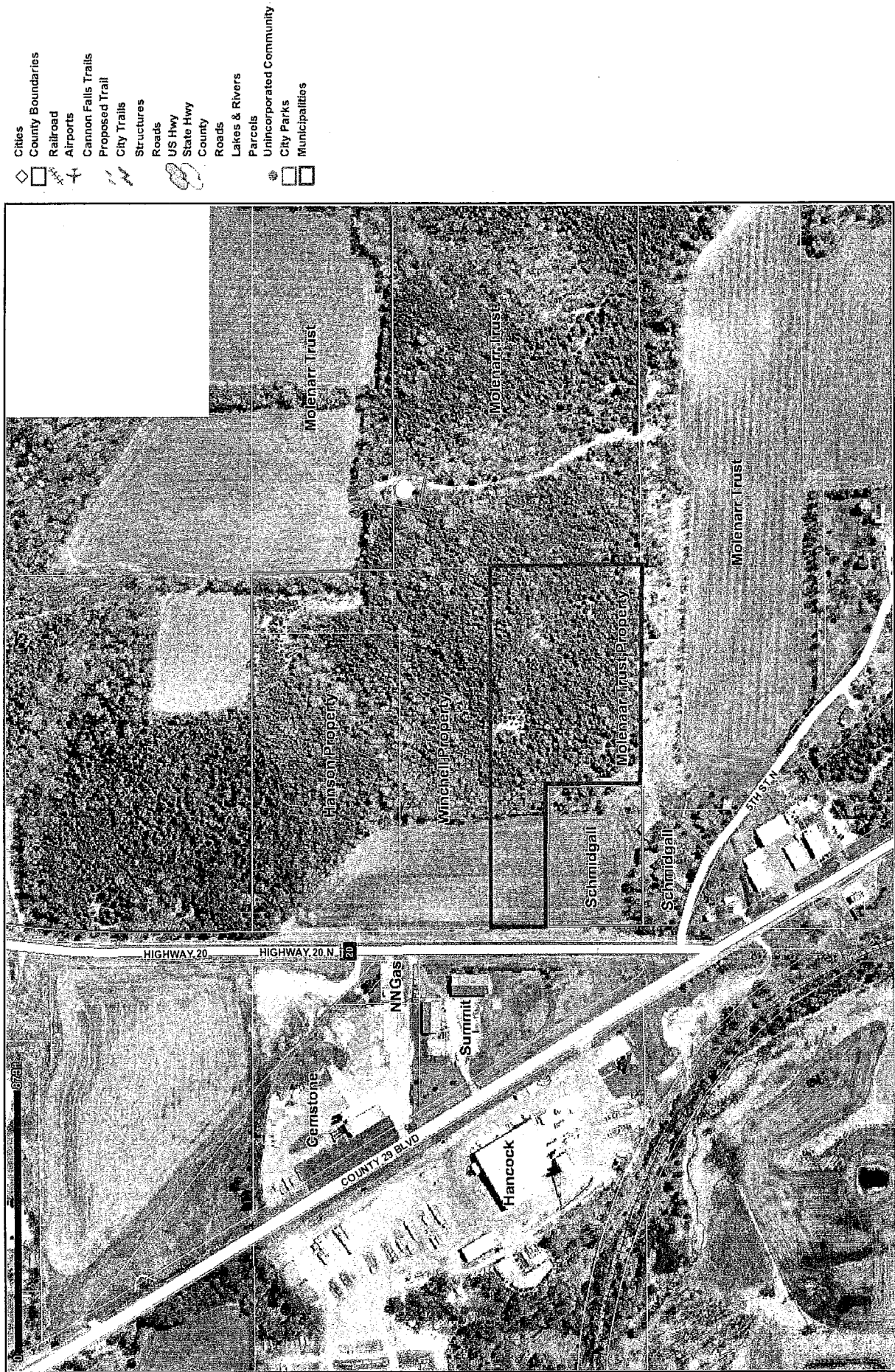
Last year, the City Council agreed to extend municipal utilities from the west side of Highway 20 to the east side to provide sanitary sewer and water service to three (3) single family dwellings proposed for construction on the Molenaar property. This action was completed in conjunction with the passage of Ordinance No. 325. At that time, the Owner had not yet initiated completion of a property survey for either the Winchell Property or *Parcel B*.

Following completion of the public hearing, the Planning Commission is asked to consider adoption of Resolution No. 2013-9.

Item 7(A). Resolution 2013 – 9. Variance. Staff recommends approval of Resolution No. 2013-9.

Molenaar Trust Variance

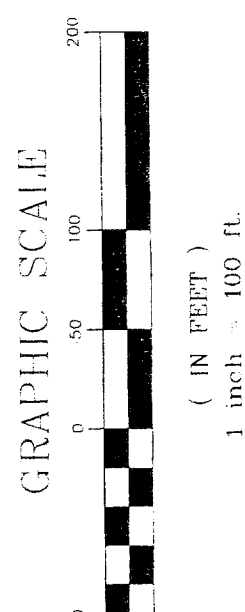
December 2, 2013



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: 11/22/2013

QT 2

WEST ONE GOVT. LOT 2
SEC. 7, TWP. 11Z, RGE. 17



SAMUELSON SURVEYING INC.

Cannon Falls Office
1105 West Main Street
Cannon Falls, MN 55009

Farmington Office
401 Oak Street, Suite A
Farmington, MN 55024

V. Richard Samuelson
Registered Land Surveyor

PLANNING COMMISSION RESOLUTION NO. 2013-9

VARIANCE FOR MOLENAAR TRUST PROPERTY

WHEREAS, Robert E. and Mary G. Molenaar Trusts ("Owner") has made application for a Variance to allow a residential lot to be created within the Urban Reserve District ("UR District") that does not comply with the minimum lot width standard of 250-feet; and

WHEREAS, the Planning Commission conducted a public hearing on December 2, 2013 to accept testimony relating to the application; and

WHEREAS, the Planning Commission finds that: (a) the proposed lot width of nearly 180-feet is not expected to adversely impact the general welfare, public health or safety of the neighborhood and the new lot will generally be consistent with the Comprehensive Plan; (b) given the circumstances, a lot width of less than 250-feet is reasonable and consistent with the purpose of the UR District which is to preserve a low density rural environment and the lesser lot width does not alter the essential character of the locality or the neighborhood; (c) the Owner proposes a 11.4 acre lot which is larger than the minimum 10-acre lot area standard for a single family dwelling constructed within the UR District and the Owner proposes to develop the property for residential use which is reasonable; (d) that the practical difficulties do not appear to have been created by the Owner but rather by the official controls that were implemented by the City Code in 2006; and (e) municipal utilities are available to serve a single family home that may be constructed on the lot for which the Variance is being sought.

NOW THEREFORE BE IT RESOLVED that the Cannon Falls Planning Commission hereby recommends to the Cannon Falls City Council that the Variance application be approved.

ADOPTED by the Planning Commission this 2nd day of December, 2013.

CITY OF CANNON FALLS PLANNING COMMISSION

Dan Pidd, Chairperson

ATTEST: _____

Aaron S. Reeves
City Administrator

Motion By:

Second By:

Pidd:

Sjoblom:

Charnell:

Price:

Longtin:

Hemmah:

Duden:



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EDA MEETING AGENDA

Wednesday, December 11, 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 – November 13, 2013.
 - C. Conflict of Interest Disclosure.
 - D. 2014 Proposed Property Taxes.
 - E. ED Project Updates.
 - Cooperative Storm Drainage Plan.
 - Cannon River Winery.
 - Other Business.
- 4. ADJOURN.**

Posted: December 6, 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, November 13, 2013 at 7:00 a.m. in City Hall. Present were Greg Wulf, Bill Duncan, Bob Banks and Morris Mattson. Also present was the Director of Economic Development and Planning, Dave Maroney and David Machacek.

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 Duncan, second by Banks to approve the agenda and the minutes from the 10/9/13 meeting. Approved 4-0-0. No conflict of interest was disclosed.

Memorandum of
Understanding.

Dave Maroney reviewed the current draft of the Memorandum of Understanding with the members. Motion by Duncan, second by Mattson to accept the current draft and proceed with review of the document with the Public Works Commission. Motion approved 4-0-0.

World Food
Processing.

Dave Maroney reported that he, Greg Wulf and Bob Banks had met with Jerry Lorenzen to discuss plans for development of the property owned by World Food Processing, LLC. To accommodate the revised schedule and plans of World Food Processing, LLC for the property, a motion was made by Banks, second by Duncan to extend the time to complete the minimum improvements (12,000 square foot warehouse) for one (1) year to November 28, 2014. Motion carried 4-0-0. The extension was approved because the Project Manager for the Cannon Falls location is no longer employed by World Food Processing and the development plans for the property are being revised.

ED Project
Updates.

PUC Hearing. Aaron Reeves attended the PUC hearing relating to the proposal by Invenergy to generate additional power for Xcel. The PUC intends to make a final decision by the end of this year.

Cannon River Winery. Dave Maroney reported on recent discussions with John Maloney. The members agreed that no decision should be made until all of the project details are provided. Furthermore, the members agreed that if the Authority is to purchase land for the project that also providing a loan for the Event Center itself would be unlikely.

ArtOrg. David Machacek attended the meeting seeking an extension to the current deadline date of November 29, 2013 for ArtOrg to invest a total of \$150,000 into the renovation of the building that they had purchased with the assistance of the Authority. Following discussion, a motion was made by Duncan, second by Banks to extend the compliance date for performance to March 1, 2014 subject to ArtOrg submitting a renovation plan, budget and construction schedule on or before March 1, 2014. Motion approved 4-0-0.

DeGarmo Annexation. Dave Maroney presented plans by Kevin

DeGarmo to annex and develop approximately 6-acreas of land that he owns on the west side of Highway 52. No action required.

Adjourn.

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

To: Economic Development Authority.

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

SUBJECT: December 11, 2013 Agenda.

DATE: December 6, 2013.

Item 3 (D). 2014 Proposed Property Taxes. The enclosed map represents the proposed estimated market values and property taxes for next year. Compared to 2013, market values for the four (4) remaining parcels that are owned by the EDA have decreased a total of \$19,300 - 2014 taxes are also proposed to decrease \$950 to \$3,960.

It is possible that Lorentz, Sweet Harvest Foods and/or Wausau may be interested in purchasing the 4-acre parcel that is located adjacent to their properties – do you want me to contact them? If so, what do the members feel is a reasonable asking price (assuming that no development is proposed)?

Item 3 (E). ED Project Updates.

Cooperative Storm Drainage Plan. After Randy Schwake left World Food Processing I learned that Jerry Lorenzen was not in full agreement with the proposed terms negotiated for the cooperative storm drainage project. While I believe that it is possible and in our collective best interests to reach an “equitable” solution, I have not yet presented a revised proposal to either Mr. Lorenzen (“WFP”) or to Brad Malecha (“BDJB”).

The accompanying *Cooperative Storm Drainage Plan* (“*Plan*”) identifies property ownership, parcel acreage estimates and the proposed location for a storm drainage pond. The total area proposed for the pond is 9.6 acres. The City Engineer feels that the area designated for ponding is “reasonable”. If the *Plan* is to be evaluated further, the City Engineer would be authorized to prepare a detailed grading plan and cost estimate to excavate the pond and transfer fill to the WFP building site.

BDJB has expressed interest in securing more land for trailer storage. When BDJB purchased the former Midwest Distribution Center (\$2,200,000) from the City, the sale agreement included a stipulation that “up to 20-acres of additional land” would be included as part of the transaction. As it turned out, BDJB received a parcel totaling less than 14 acres of which 2 acres was designated (and partially developed) as a ponding area. When excavation of the site began, a surprisingly high water table was discovered on part of their property which then significantly limited the area that they needed (and had anticipated) for storage.

WFP has executed a contract-for-deed to purchase 28 acres of land from the EDA. The sale price amounts to \$8,250 per acre (\$231,000). Regarding the proposal to create a cooperative storm drainage solution, Mr. Lorenzen has informed me on several occasions that he generally opposes a donation of land in exchange for fill material. Pursuant to the Development Agreement, the EDA has retained \$89,700 to assist WFP with the financing of site development costs. While I believe that Mr. Lorenzen sees “benefit” in pursuing a cooperative solution and will make the effort to achieve an equitable outcome, he is not prepared to accept the terms that Randy Schwake, Brad Malecha and the EDA had been pursuing.

On Wednesday morning the members will be asked to discuss this matter more fully and assist me with developing a revised proposal to be submitted to WFP and BDJB.

Cannon River Winery. On November 26th, Bill, Roxanne and I met with John Maloney to discuss his proposed sale terms for the property at 433 Mill Street (former Lee Chevrolet parcel). John’s proposal included

a sale price, a right to lease the existing building, a 10-year option to repurchase the property and participation by the EDA in the financing of the Event Center.

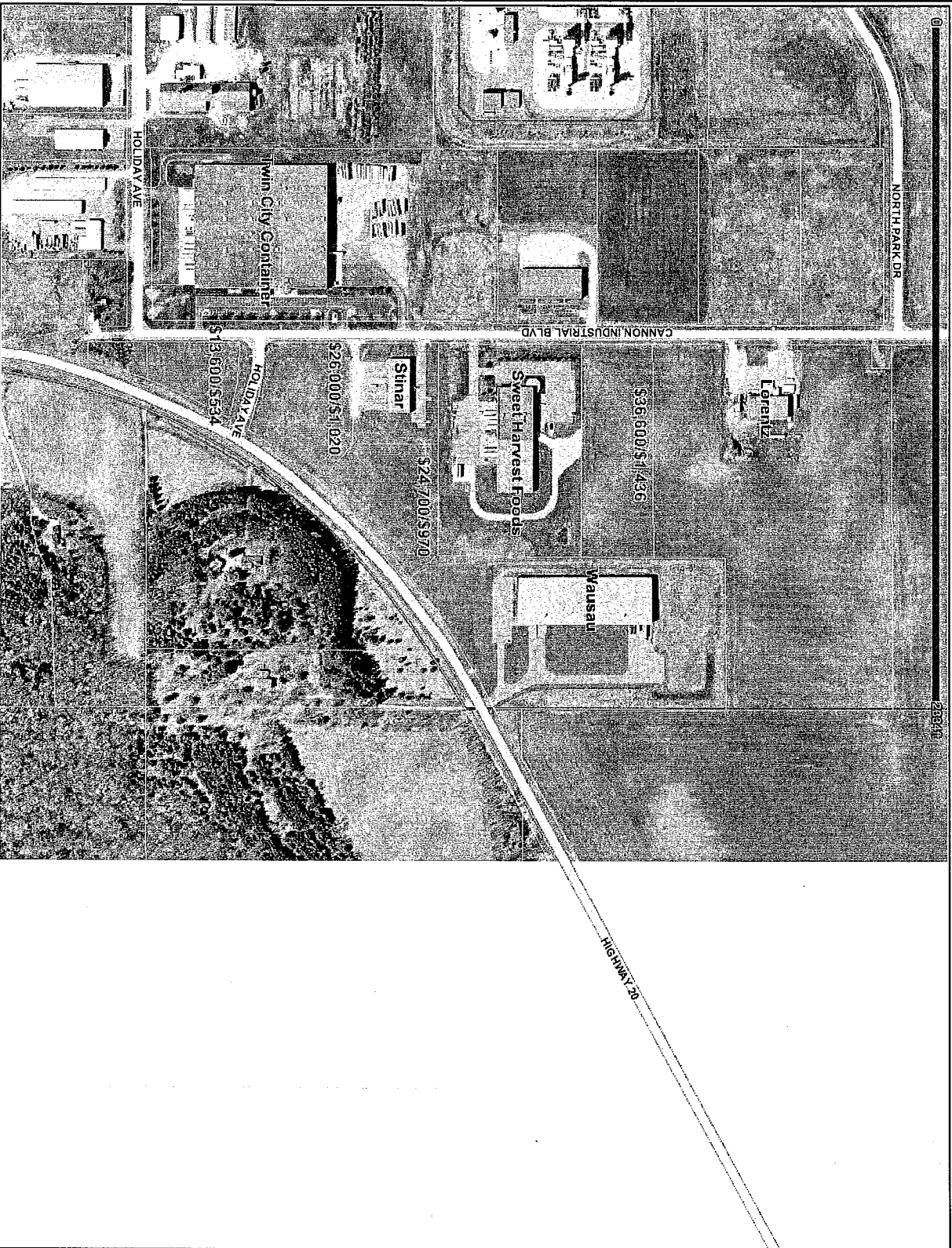
At our meeting with John, we discussed the following propositions: (a) the proposed purchase price must reflect the price paid for the property at the Sheriff Sale plus delinquent taxes payable through 2012 (about \$10.57 p.s.f.); (b) leasing the building may be possible depending upon whether State funds are secured or not for the project and subject to acceptable lease terms (Tenant pays all expenses); (c) a repurchase option and right-of-first-refusal will be considered with a five (5) year term and purchase price no less than the amount paid by the EDA to acquire the property from the Maloney's plus improvements, if any; (d) beyond the cost incurred to purchase property from the Maloney's, any additional financial participation by the EDA to assist with construction of the Event Center will be subject to funds being available in the *Economic Development Fund* and the financial need of the project; and (e) the development plan for the property will continue to evolve but both parties believe that off-street parking will continue to be the primary long term land use for the property and that the existing structure will be available for use by the Cannon River Winery in 2014 and perhaps longer.

The members are asked to review items (a) through (e) and if acceptable, approve them. John Maloney understands that any financial participation by the Authority in this project is contingent upon a review and acceptance of further project details that have not yet been submitted.

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

2014 Proposed Property Taxes

Estimated Market Value/Proposed Taxes



- ◆ Cities
- County Boundaries
- ✈ Railroad
- ✈ Airport
- ✈ Cannon Falls Trails
- ✈ Proposed Trail
- ✈ City Trails
- ✈ Structures
- ✈ Roads
- ✈ US Hwy
- ✈ State Hwy
- ✈ County
- ✈ Lakes & Rivers
- ✈ Parcels
- ✈ Unincorporated Community
- ✈ City Parks
- ✈ Municipalities

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Cooperative Storm Drainage Plan

December 11, 2013



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

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Cannon Falls Library Board
Agenda
Monday December 9, 2013
6:00 pm
at
the Library.

- 1) Approval of Agenda
- 2) Consent Agenda
 - a. November Minutes
 - b. Director's Report
 - c. October Financials
- 3) Board Business
 - a. Workforce Development Employee
 - b. Justin's Evaluation
- 4) Adjournment

Next meeting
January 13, 2013
6:00 pm

November 12, 2013
Cannon Falls Library Board Meeting Minutes

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

Meeting was called to order at 6:02 p.m.

Carol Price made a motion to approve the Agenda; Cathy Gallups seconded; motion passed.

Mary Harkins asked to move the Financials to Business.

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

BUSINESS

Financials

At first glance, some of the items seemed in serious excess of what was budgeted. The move into the new library building had many unknowns for the cost of heating, cooling, lighting, etc. The City is aware that various account items are either way over or way under what was appropriated. Justin continues to track expenditures to get a clearer idea as to what should be budgeted for the new building in the next fiscal year. The high overrun in Furniture was funded by money set aside in 2012 and targeted for furnishing the new building.

Mary Harkins made a motion to accept the September financials; Carol Price seconded; motion passed.

Holiday Hours

Justin suggested that the Library be closed on Christmas Eve Day (non-paid staff day), Christmas Day, New Year's Eve Day (non-paid staff day), and New Year's Day.

Mary Harkins made a motion to accept the closings as listed; Nancy Teitz seconded;

After some discussion, Carol Price made a motion that the Staff be allowed to decide whether they'd like to be closed on New Year's Eve Day; Cathy Gallups seconded; motion passed.

SELCO/SELS Report

Carol Price attended the SELCO/SELS meeting. Some of the topics they covered were:

1. Overpricing of digital books to libraries
2. Technology upgrade delays and incompatibilities
3. Yarn Bombing

Library Director Evaluation

The Board met in a closed session to discuss the library director's evaluation. Computer problems left some of the data questionable. Hard copies of the evaluation will be available at the Library and members are asked to fill out and turn in the paper copy. Jason will re-tabulate. Mary Harkins made a motion to table the evaluation until the next meeting; Carol Price seconded; motion passed.

Other Mentions

Next month, Carol Price will be retiring from the CF Library Board after six years of service. Her wisdom and experience will be greatly missed. The Board continues to search for new members from both the City and rural Goodhue County.

Anyone wishing to make a donation for past-Board member, Naomi Estes-Tullo, who lost her mother this past week, may leave it with Justin or there will be an envelope behind the circulation desk.

Next meeting: next Board meeting will be held on Monday December 9, 2013.

At 7:00 p.m., Cathy Gallups made a motion to adjourn, seconded by Nancy Tietz; motion passed.

Respectfully submitted,

Mary Harkins

Cannon Falls Library
Director's Report
December 5, 2013

Program Attendance:

Adults

Movies	22
Book Club	7
Antique Show	82
Concertina	34

Children

Storytime	83
Lunch Bunch	49

E-Materials

2012 44 users checked out 174 e-materials

2013 61 users checked out 246 e-materials

Staff accomplishments

November at the library exemplified our library's mission state to promote the communication of ideas, the enlightenment of our citizens and the enrichment of our personal lives. Our book club communicated ideas through a lively discussion of "The Aviator's Wife." Concerts and Appraisals enlightened our citizens with music and antiques. Storytimes and Lunch Bunches showed the way to our youngest citizens how reading continually enriches our life journey. Mayor Robby Robinson gathered the community together for a reading of "The Night Before Christmas." The staff through hard work proved once again that public libraries are a major part of the intricate web of what it means to be a community.

Board Business

Recently I was contacted by Mary Eberlein from Work Force Development, Inc about the possibility of employing one of her clients at the Cannon Falls Library. The placement would be funded through Senior Community Service and Employment program. This would be a great opportunity for us to add additional help for staff at no cost to us. Please read through the attached information and we will discuss this opportunity at our board meeting.

December 11, 2013

Too Much of a Good Thing?

As many of our clients put the finishing touches on next year's budgets and capital plans, a wonderful holiday gift would be a stronger economy heading into 2014. We are happy to report that this wish may come true. Continued positive economic news offers the appearance that a solid recovery may finally be taking hold. That is great news in its own right for local governments, and it could also help some issuers as they seek new or updated credit ratings. As we have all been told before, though, there can be too much of a good thing. The strengthening economy is making it increasingly likely that the Federal Reserve will begin to wind down its government securities purchase program that has kept interest rates low for the last several years.

Additionally, a preliminary bankruptcy court ruling for the City of Detroit last week has left the bond market anxiously awaiting later decisions on the court's view of general obligation debt relative to other obligations. A negative market reaction to subsequent Fed policy changes or bankruptcy court decisions may mean the recent uptick in interest rates is a prelude to a longer term trend in 2014.

U.S. Economy Shows Signs of Improvement

Last week's economic news should have many local governments breathing a sigh of relief heading into 2014. Early in the week, the Labor Department released its third quarter advance estimate for GDP growth at 3.6 percent. That figure is considerably higher than the 3.0 percent that *Reuters* reported as a pre-release consensus figure among economists.¹ Later in the week, a release of November jobs data showed that the economy had added 203,000 jobs in the month. With the new jobs, unemployment had dropped to 7.0 percent, the lowest figure since November of 2008. *Fortune*² reported that despite recent drops in unemployment, a portion of previous declines was due to people dropping out of the labor force and many of the new jobs were in low-paying industries. November, in contrast, saw labor force growth and job additions across all industries.

¹ See <http://www.reuters.com/article/2013/12/05/us-usa-economy-gdp-idUSBRE9B40KG20131205>

² See <http://finance.fortune.cnn.com/2013/12/06/november-job-report/>



The economy has shown promising signs before, only to stumble, but multiple months of good economic news provide hope that a sustained recovery may finally be here.

How Will the Fed React?

Solid economic indicators also probably mean we are in for volatile interest rate environment for the foreseeable future. The Federal Open Market Committee (FOMC) pleasantly surprised many market observers when it decided in its October meeting to continue its Quantitative Easing (QE) program, through which the Federal Reserve works to keep interest rates low by purchasing longer-term government securities. The FOMC's move temporarily put markets at ease, but jitters are returning in advance of its December 17th and 18th meeting. The mere anticipation of an end to QE has led to increases of more than 1.00 percent in the intermediate and long-term portions of the interest rate curve. Ten-year Treasury notes closed on Friday at their highest level (2.88 percent) since mid-September and municipal bonds have also moved up in the last two weeks. Ten-year, tax-exempt and AAA-rated municipal bonds were yielding 2.76 percent on Friday, an increase of 10 basis points over two weeks. While the rate increase is more modest than jumps we saw over the summer, rates may continue upward if the FOMC chooses to taper off QE at its December or January meetings.

Trends in Municipal Bond Yields November 22 to December 6, 2013

	November 22nd	December 6th	Change
AAA Yields*			
5 Years	1.16%	1.20%	0.04%
10 Years	2.66%	2.76%	0.10%
20 Years	3.81%	3.86%	0.05%
30 Years	4.14%	4.20%	0.06%
Bond Buyer 20 Bond Index**	4.60%	4.70%	0.10%

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.

Nevertheless, there is still a good possibility that the FOMC will continue QE at least until its January meeting, when incoming Federal Reserve President Janet Yellen is seated. Expansion of corporate inventory was an important driver of the strong overall growth in the third quarter. Typically, high inventory expansion in one quarter leads corporations to offload inventory at reduced prices in the following quarter, which lowers growth in the subsequent period. Combined with the government shutdown at the beginning of October, economists expect fourth quarter growth to be significantly slower (*New York Times*, December 5)³. Slower growth could mean less hiring, which may convince the FOMC to continue its program for a little longer, as FOMC pronouncements have indicated future actions will be highly data-dependent.

Moody's Revised Outlook for Municipal Issuers

Higher rates are never what borrowers want to see, but an improved economy with higher interest rates could mean better credit ratings for some issuers. Moody's Investors Service revised its outlook for municipal issuers from negative to stable for the first time in five years with its release of the *2014 Outlook – US Local Governments* report last Wednesday. The agency reported that many governments have taken steps to cut costs and that stabilization of the housing market and state revenues have made local revenues more predictable.

Moody's new outlook should come as a relief to issuers rated by Moody's or for those considering seeking a rating for the first time. In the second quarter of 2013, 83 percent of the public finance ratings that Moody's changed were downgrades (Moody's Investors Service, *U.S. Public Finance Rating Revisions for Q2 2013: High Pace of Downgrades Continues*). The agency cited weak local economies, unpredictable and declining intergovernmental revenues from state governments, and pension liabilities as causes of the downgrades. In changing its outlook, Moody's has stated its view that some of these factors have improved. It is hard to say exactly what the impact of the revised outlook will be on ratings, but it is certainly a positive sign.

Impact of Detroit Bankruptcy Proceedings

The City of Detroit has struggled to take advantage of the improving economy, but it came one step closer to addressing its fiscal woes on December 3rd when a federal judge

³ See <http://www.nytimes.com/2013/12/06/business/economy/us-economy-grew-3-6-in-third-quarter-revision-shows.html?hpw&rref=business&r=0>



MarketCommentary

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ruled that the City was eligible to enter bankruptcy protection. The City filed for bankruptcy in July, and the judge's ruling now makes its case the largest municipal bankruptcy in American history. While Detroit's problems may seem distant for many of our clients, the ruling could have significant implications in the municipal debt market.

On one hand, it opens the door to diminishing the trust investors place in general obligation (G.O.) debt. Since July, Detroit's emergency manager has repeatedly stated that he considers the City's G.O. debt to be "unsecured," similar to the City's accounts payable and other obligations. Investors have long considered unlimited tax G.O. debt to be the most secure kind of debt, and have accordingly been willing to provide the lowest interest rates for it. It is possible that investor trust in G.O. debt will emerge unscathed from the bankruptcy proceedings, but it is also possible that the judge will accept a restructuring plan that severely impacts owners of Detroit's G.O. debt, causing investors to demand higher interest rates in the future for G.O. debt from all governmental issuers.

On the other hand, the bankruptcy could have significant implications for how issuers deal with pension obligations. The Michigan constitution, along with those of many states, heavily restricts the ability of municipalities to alter retirement benefits of public employees. However, the bankruptcy judge for Detroit ruled that federal law, which does not restrict that ability, supersedes Michigan's constitution, opening the door for Detroit to restructure its pension obligations. It is unclear at this time how broadly the ruling can be interpreted, but it suggests that financially distressed municipalities may now have greater legal flexibility to address pension liabilities.

Whatever the long-term impacts of Detroit's bankruptcy will be, investors have chosen a "wait and see" approach. There were not significant changes in municipal bond rates in the immediate wake of the December 3rd ruling (*The Bond Buyer*, December 4). The impacts are only likely to become clear later in the bankruptcy process when we see how Detroit's debt ends up being restructured.

This will be the last *Market Commentary* of 2013. We know many of our clients are still hard at work making plans for next year. We encourage you to speak with your Financial Advisor if you have any questions. Until then, we wish everyone a very happy holiday season.

No Investment Advice or Offers

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Competitive Sale Results November 25 - December 6, 2013

Sale Date	Issuer	St	Par Amt (in millions)	Issue	Underlying Rating	Credit Enhanced Rating	BQ	TIC / NIC	Maturities	# of Bidders	Winning Bidder
11/25/13	Haysville, City	KS	0.77	GO Temporary Notes	NR		Y	0.83%	2014-16	2	UMB
11/25/13	Brooklyn Center, City	MN	4.92	GO Improvement Bonds	AA		Y	1.76%	2015-24	5	Baird
11/25/13	Brooklyn Center, City	MN	6.04	Taxable GO Tax Increment Bonds	AA		N	3.05%	2015-22	3	Baird
11/25/13	Sartell, City	MN	6.14	GO Refunding Bonds	AA		Y	1.08%	2015-19	8	Wells Fargo
11/25/13	Lake of the Woods SD No. 390	MN	1.72	GO Refunding Bonds	AA+	Y	Y	1.39%	2015-20	5	Baird
11/26/13	Hoffman Estates Park District	IL	2.74	GO Limited Tax Park Bonds	AA+		N	0.75%	2014	2	Oppenheimer
11/26/13	Hoffman Estates Park District	IL	16.37	GO Park Bonds	AA+		N	4.99%	2036-43	4	Baird
11/26/13	St. Charles Park District	IL	2.03	GO Refunding Park Bonds	AA		Y	1.14%	2014-18	5	Piper Jaffray
11/26/13	Milwaukee Area Technical College District	WI	1.50	GO Prom Notes	Aa1		N	0.90%	2015-18	3	Hutch
12/02/13	Des Plaines, City	IL	7.95	Taxable GO Refunding Bonds	Aa2		N	2.38%	2014-21	7	Fifth Third Secs
12/02/13	Rock Island, City	IL	9.63	GO Bonds	Aa2		Y	3.78%	2014-33	4	BOSC
12/02/13	Brainerd, City	MN	1.04	GO Capital Improvement Plan Bonds	AA-		Y	3.42%	2016-30	1	Baird
12/02/13	Brainerd, City	MN	1.24	GO Bonds	AA-		Y	2.29%	2015-24	1	Baird
12/03/13	Algonquin, Village	IL	7.65	GO Refunding Bonds	AAA		Y	2.54%	2015-25	2	Baird
12/03/13	Winnetka, Village	IL	7.50	GO Bonds	Aaa		Y	4.70%	2020-43	2	BOSC
12/03/13	Bursville, City	MN	2.00	GO Tax Increment Refunding Bonds	AAA		Y	1.24%	2015-20	5	Stifel Nicolaus
12/03/13	Bursville, City	MN	4.10	GO Improvement and Utility Revenue Bonds	AAA		Y	2.22%	2014-28	5	Baird
12/03/13	Thief River Falls, City	MN	3.19	GO Bonds	AA		Y	2.66%	2015-29	5	Piper Jaffray
12/03/13	Watsonwan County	MN	1.42	GO Capital Improvement Plan Bonds	AA-		Y	3.63%	2015-34	1	Baird
12/03/13	Madison, City	WI	24.34	Water Utility Bonds	Aa2		N	3.52%	2015-34	10	Stifel Nicolaus
12/03/13	Marinette, City	WI	2.85	Waterworks System Revenue Bonds	A3		Y	3.78%	2014-27	1	Baird
12/03/13	Sturgeon Bay, City	WI	5.42	GO Refunding Bonds	Aa3		Y	1.90%	2014-25	3	Piper Jaffray
12/04/13	Mundelein, Village	IL	3.21	GO Refunding Bonds	Aa1		Y	1.94%	2014-21	2	Baird
12/05/13	Duluth, City	MN	1.46	GO Bonds	Aa2/AA		Y	3.26%	2015-29	3	BOSC
12/05/13	Duluth, City	MN	1.80	GO Cap Improvement Bonds	Aa2/AA		Y	2.28%	2015-24	4	UBS Financial Svcs
12/05/13	Duluth, City	MN	3.40	Taxable GO Airport Improvement Bonds	Aa2/AA		N	3.87%	2017-29	5	Piper Jaffray
12/05/13	Duluth, City	MN	3.84	GO Capital Equipment Notes	Aa2/AA		Y	1.08%	2015-19	7	Stifel Nicolaus
12/05/13	Waterloo, City	WI	0.95	Combined Utility Revenue Refunding Bonds	NR		Y	2.18%	2014-22	3	Bankers' Bank
12/05/13	Hortonville, Village	WI	3.65	GO Corp Purp Bonds	NR		Y	3.65%	2015-33	3	Bankers' Bank





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Jan. 31-Feb. 1—Brooklyn Center

Have you ever heard the following lament in your workplace, personal life, or city hall? “You want me to work with _____? You’ve got to be kidding!”

At one time or another, most of us have been called to work collaboratively with colleagues, citizens, or others who are labeled as “difficult people.”

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In just two days, you will learn techniques to:

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- Identify future actions to enhance success

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Date/Location:

Jan. 31-Feb. 1—Brooklyn Center

Earle Brown Heritage Center

6155 Earle Brown Dr. ([view map](#))

Brooklyn Center, MN 55430

Your LMC Resource

Contact Jamie Oxley

Training Program Assistant

(651) 281-1250 or (800) 925-1122 joxley@lmc.org (Link to: <mailto:joxley@lmc.org>)

Special Accommodations

If you have special accommodation needs (dietary/mobility), please contact Jamie Oxley using the contact information above.

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- Your invoice will be sent as a PDF attachment to the confirmation e-mail you receive after you register online; please pay from that invoice.
- If you cannot attend the conference, you are welcome to send a substitute. All cancellation requests must be submitted via e-mail or fax by 4:30 p.m. on Jan. 24, 2014 and are subject to a \$50 handling fee. All unpaid registrations not cancelled by Jan. 24, 2014 will be billed at the full conference rate—no refunds will be made.

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Theresa Sunde
Government Relations Manager

Sent November 26, 2013 Via Certified Mail

Dear Cannon Falls Community Official:

This letter is to inform you that, on or about January 1, 2014, Mediacom will be implementing the following rate adjustments:¹

Product:	Old Rate:	New Rate:	Net Change:
Local Broadcast Station Surcharge	\$1.61	\$2.12	\$0.51
Digital Plus ²	\$14.00	\$16.00	\$2.00
HBO	\$16.95	\$17.95	\$1.00
Showtime	\$12.95	\$14.95	\$2.00
Starz	\$9.00	\$11.00	\$2.00

The decision to make price adjustments is always a difficult one. We are very reluctant to raise video prices because, **when we do, we lose customers**. However, cable and satellite companies are constantly being pressured by the programmers we buy from to pay more for the channels we carry.

The fees we pay to retransmit local broadcast stations like ABC, CBS, FOX and NBC are by far our fastest growing programming cost component. Outdated federal laws give the local broadcast stations monopoly power over network and syndicated programming within their respective market areas. Over the past few years, many broadcasters have used real or threatened blackouts to extract huge rate increases during contract negotiations. American consumers, through their cable and satellite bills, are now paying billions of dollars each year to broadcast station owners for "free" over-the-air television.

In May 2013, Mediacom instituted a Local Broadcast Station Surcharge equal to the fee increases the local broadcast stations in your market have demanded we pay to them since the start of 2012. By bringing more transparency to the unjustified fee increases being taken by local broadcast stations, we hope to draw the attention of consumers and their elected representatives to this rapidly escalating problem.

Unfortunately, local broadcasters aren't the only programmers causing cable and satellite prices to rise. Other channel owners are also insisting on rate increases. From time to time, it is necessary for Mediacom to adjust the cost of certain products we offer.

Despite the business challenges we face, Mediacom appreciates the opportunity to continue to serve your community's telecommunications needs. If you have any questions, please contact me directly at tsunde@mediacomcc.com.

Sincerely,

Theresa Sunde

¹ Depending on the terms of their contract, certain customers on promotional rates may or may not receive this rate change at this time.

² The Digital Plus level of service is no longer available for purchase by new customers.