AGENDA

REGULAR MEETING
OF THE BOARD OF COMMISSIONERS OF
ST. LOUIS COUNTY, MINNESOTA

Tuesday, June 26, 2012, 9:30 A.M.

Semer's Park Pavilion, Ely, Minnesota

Enter Ely from Hwy. 169, turn left at the first stop light (Central Avenue). Pass Wilderness Outfitters and turn left at the second street - Shagawa Road. Stay on Shagawa Road as it circles around Semer's Park. The Pavilion is on the road overlooking the beach area.

KEITH NELSON, Chair
Sixth District

FRANK JEWELL
First District

STEVE O'NEIL
Second District

CHRIS DAHLBERG
Third District

MIKE FORSMAN
Fourth District

PEG SWEENEY, Vice-Chair
Fifth District

STEVE RAUKAR
Seventh District

County Auditor
Donald Dicklich

County Administrator
Kevin Gray

County Attorney
Mark Rubin

Clerk of the Board
Patricia Stolee

The St. Louis County Board of Commissioners welcomes you to this meeting. This agenda contains a brief description of each item to be considered. The Board encourages your participation. If you wish to speak on an item contained in the agenda, you will be allowed to address the Board when a motion is on the floor. If you wish to speak on a matter which does not appear on the agenda, you may do so during the public comment period at the beginning of the meeting. Except as otherwise provided by the Standing Rules of the County Board, no action shall be taken on any item not appearing in the agenda.

When addressing the Board, please sign in at the podium and state your name and address for the record. Please address the Board as a whole through the Chair. Comments to individual Commissioners or staff are not permitted. The St. Louis County Board promotes adherence to civility in conducting the business of the County. Civility will provide increased opportunities for civil discourse in order to find positive resolutions to the issue before the Board. Tools of civility include: pay attention, listen, be inclusive, do not gossip, show respect, be agreeable, apologize, give constructive criticism and take responsibility [County Board Resolution No. 560, adopted on September 9, 2003]. Speakers will be limited to five (5) minutes.

In compliance with the Americans with Disabilities Act, those requiring accommodation for this meeting should notify Property Management 72 hours prior to the meeting at (218)725-5085.

All supporting documentation is available for public review in the County Auditor's Office, 100 North 5th Avenue West - Room No. 214, St. Louis County Courthouse, Duluth, MN, during regular business hours 8:00 A.M. - 4:30 P.M., Monday through Friday. Agenda is also available on our website at http://www.stlouiscountymn.gov/GOVERNMENT/BoardofCommissioners.aspx

9:30 A.M. Pledge of Allegiance
Roll Call
Declaration of State of Emergency

AT THIS TIME CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD ON ITEMS NOT ON THE AGENDA. [Speakers will be limited to 5 minutes each.]

FOR ITEMS ON THE AGENDA, CITIZENS WILL BE ALLOWED TO ADDRESS THE BOARD AT THE TIME A MOTION IS ON THE FLOOR.

9:40 A.M. Public hearing, pursuant to Resolution No. 12-336, adopted June 12, 2012, to consider tax abatement and loan guaranty for AAR Aircraft Services, Inc., and amend the County tax abatement financing policy. **{12-255}**

CONSENT AGENDA

Approval of business submitted on the consent agenda.

REGULAR AGENDA

Environment & Natural Resources Committee – Commissioner Dahlberg, Chair

1. Private sale of state tax forfeited land located in Section 7, Township 60 North, Range 13 West (City of Babbitt) to Michael Jershe. **[Tabled from the June 5, 2012, meeting.] {12-256}**

Finance & Budget Committee – Commissioner Raukar, Chair

2. Application for off-sale intoxicating liquor license for The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16. **[Tabled from the June 5, 2012, meeting.] {12-240}**

3. Application for on-sale and Sunday on-sale intoxicating liquor licenses for The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16. **[Pulled from the June 5, 2012, consent agenda and tabled.] {12-257}**

Public Safety & Corrections Committee – Commissioner Sweeney, Chair

4. Arrowhead Regional Corrections capital improvement bond proposal. **[Without recommendation.] {12-258}**

NOTE: The Board will recess and reconvene to consider items passed at the Committee of the Whole meeting.

Resolution Declaring a State of Emergency in St. Louis County

BY COMMISSIONER _____

WHEREAS, the June, 2012 flooding event has severely impacted the population of St. Louis County and its cities and townships; and

WHEREAS, the June flooding event has caused a significant amount of public and private property damage; and

WHEREAS, the St. Louis County Sheriff's Office Division of Emergency Management requests the St. Louis County Board of Commissioners to declare St. Louis County in a STATE OF EMERGENCY due to the June flooding event of 2012.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board of Commissioners declares St. Louis County in a STATE OF EMERGENCY due to conditions resulting from the flooding event of June, 2012.

EMERGENCY REPAIR OF BRIDGES AND ROADS
RESOLUTION NO. __-__

WHEREAS, the County of St. Louis, Minnesota has sustained severe losses of major proportion, brought on by flood conditions on the date of June 20, 2012; and

WHEREAS, St. Louis County is a public entity within the State of Minnesota; and

WHEREAS, the St. Louis County Board of Commissioners has declared St. Louis County to be in a state of emergency in its June 26, 2012 Disaster Proclamation Resolution; and

WHEREAS, St. Louis County suffered significant damages to St. Louis County roads and bridges, rendering many county roads and bridges impassable and/or unsafe to travel; and

WHEREAS, immediate repair of damaged county roads and bridges is necessary to facilitate recovery and emergency aid efforts, to facilitate effective and timely delivery of emergency services, and to facilitate safe travel for public, government, and business purposes; and

WHEREAS, immediate contracting of emergency bridge and road repairs, without the requirement of bids and advertising, is necessary to protect public health, safety and welfare;

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board of Commissioners, acting on behalf of and for the people of St. Louis County, hereby declare that, pursuant to Minnesota Statutes 375.21 and 375.22, the St. Louis County Highway Department is hereby authorized to immediately enter into necessary contracts for emergency repair of damaged and negatively impacted county roads and bridges without the requirement for solicitation of bids and advertising; said authorization to remain in place until modified or rescinded by this board.

SIGNED:

_____

Chairperson
St. Louis County Board of Commissioners

**** CERTIFICATION ****

STATE OF MINNESOTA
COUNTY OF _____

I, _____, St. Louis County Auditor, do hereby certify that the above is a true and correct copy of a resolution adopted by the St. Louis County Board of Commissioners at a special session dated June 26, 2012.

WITNESS my hand and the seal of my office the 26th day of June, 2012.

(SEAL)

_____

County Auditor
St. Louis County, Minnesota

BOARD LETTER NO. 12 - 255

FINANCE & BUDGET COMMITTEE

JUNE 26, 2012 BOARD AGENDA 9:40 A.M.
PUBLIC HEARING

DATE: **June 26, 2012**

RE: **Provide Tax Abatement Financing, Execute MN Investment Fund Loan Guaranty for AAR Aircraft Services, Inc., and Amend County Tax Abatement Financing Policy**

FROM: **Kevin Z. Gray**
County Administrator

Barbara Hayden
Director of Planning

RELATED DEPARTMENT GOAL:
Assist communities in achieving housing, economic development, and community development objectives.

ACTION REQUESTED:
Provide tax abatement financing and execute a Minnesota Investment Fund loan guaranty for AAR Aircraft Services, Inc. to expand business operations in Duluth.

BACKGROUND:
AAR Aircraft Services, Inc., (AAR) is entering into a lease with the Duluth Economic Development Association (DEDA) to expand its aircraft maintenance and repair operations (MRO) in the former Northwest Airlines Maintenance facility. AAR is a leading provider of products and services to the aerospace, government and defense industries. The company was incorporated in 1955 and is headquartered in Wood Dale, Illinois. It has $1.8 billion in revenue and its ticker on the New York Stock Exchange (NYSE) is AIR.

The Duluth AAR facility will serve passenger airlines, cargo carriers, tier two suppliers and aircraft and engine manufacturers with maintenance and repair operations. AAR is the second largest independent provider of MRO services in North America.

AAR will be leasing the majority of the former NWA MRO facility at the Duluth Airport and will have the first right of refusal on any remaining square feet in the facility. AAR is committing to a minimum of 100 jobs by July, 2013, and 192 jobs by July, 2016. The total investment in the project, including building, equipment, and training, is approximately $5 million.

AAR has requested the following assistance from St. Louis County:

1. Approve an amendment to Duluth's Jobs Opportunity Building Zone (JOBZ) subzones allowing AAR all the benefits of JOBZ until the program sunsets in 2015, taxes payable in 2014, 2015, and 2016.
2. Approve personal property tax abatement financing (TAF) for seven years payable in 2017 through 2023.
3. Approve a $50,000 loan guaranty for a Minnesota Investment Fund loan.

JOBZ:
The amendment to Duluth's JOBZ subzones is being considered as a separate action by the County Board.

TAX ABATEMENT FINANCING:
AAR Aircraft Services, Inc., has requested St. Louis County to consider up to $320,000 tax abatement financing payable over seven years, in 2017 through 2023. It is estimated that the county portion will average approximately $45,000 per year. The maximum TAF will be $320,000 payable over seven years. This will require an amendment to the St. Louis County TAF policy.

The City of Duluth will also be considering tax abatement financing payable over seven years, in 2017 through 2023. It is estimated that the city portion will average approximately $23,000. The maximum TAF will be $161,000 payable over seven years. The Duluth Economic Development Authority and the Duluth 1200 Fund are also providing funding to the project.

County Board Resolution No. 02-187, adopted March 1, 2002, approved a tax abatement financing policy (TAF) as authorized under Minnesota Statute §§ 469.1812 through 469.1815 (2000) and any amendment thereto. The current TAF policy is capped at $30,000 per year and $300,000 for the term of the project. It is recommended that the following amendments be made to the county TAF policy:

1. Increase the per project cap to $500,000 for the term of the project.
2. Delete the personal property tax limitation. State statute was changed to allow this use.
3. Delete applicant fees. The county is working with other funding partners with numerous applications and reviews.

A copy of the TAF Policy with proposed changes is attached.

TAF and the loan guaranty are considered forms of business subsidy which require compliance with the Business Subsidy Act, Minnesota Statutes §§ 116J.993 through 116J.995, and any amendments thereto. This law requires that a public hearing be conducted prior to granting any business subsidy in an amount greater than $150,000 in value. The public hearing is scheduled for Tuesday, June 26, 2012, at 9:40 a.m., at Semer's Park Pavilion, Ely, Minnesota.

The public benefits of increasing the county tax base and provision of permanent employment opportunities within the county are expected to exceed the costs of tax abatement. TAF will be payable from Fund 100, Agency 100001, Object 500900.

LOAN GUARANTY:
St. Louis County has been requested to participate as a guarantor for up to $50,000 for a Minnesota Investment Fund loan. The total amount of guaranty is $250,000. The other guarantors participating at $50,000 each are the Duluth Economic Development Authority, the Duluth Airport Authority, Upper Minnesota Properties Development, Inc., a subsidiary of ALLETE, Inc., and the Northland Foundation.

The guarantors will be released from their obligation once AAR creates 100 jobs and demonstrates they have invested $1million in the facility. Funds will be obligated from the Economic Development Fund, Fund 178, Fund Balance 311200.

RECOMMENDATION:
It is recommended that the St. Louis County Board authorize up to $320,000 tax abatement financing to AAR payable over seven years, in 2017 through 2023, approve amendments to the St. Louis County TAF Policy, approve a $50,000 loan guaranty for a Minnesota Investment Fund loan, and authorize appropriate authorities to enter into a business subsidy agreement and other related documents with AAR.

Provide Tax Abatement Financing, Execute MN Investment Fund Loan Guaranty for AAR Aircraft Services, Inc. and Amend County Tax Abatement Financing Policy

BY COMMISSIONER _____

WHEREAS, AAR Aircraft Services, Inc., (AAR) has requested St. Louis County to consider up to $320,000 tax abatement financing payable over seven years and a $50,000 Minnesota Investment Fund loan guaranty for the expansion of their Duluth facility; and

WHEREAS, Minnesota Statute §§ 116J.993-116J.995, Business Subsidy Law, requires that a public hearing be conducted prior to granting any business subsidy in an amount greater than $150,000 in value; and

WHEREAS, the St. Louis County Board held a public hearing on Tuesday, June 26, 2012, at 9:35 a.m., at Semer's Park Pavilion, Ely, Minnesota, to solicit public input prior to considering the proposed business subsidy request; and

WHEREAS, the St. Louis County Board has determined that the public benefits of increasing the county tax base and provision of permanent employment opportunities within the county exceed the costs of tax abatement.

NOW, THEREFORE, BE IT RESOLVED, the St. Louis County Board authorizes up to $320,000 tax abatement financing to AAR payable over seven years, in 2017 through 2023, payable from Fund 100, Agency 100001, Object 500900.

RESOLVED FURTHER, that the St. Louis County Tax Abatement Financing Policy be amended in accordance with the document identified in County Board File _____ which increases the per project cap to $500,000 for the term of the project, deletes the personal property tax limitation and deletes applicant fees.

RESOLVED FURTHER, that St. Louis County will participate as a guarantor for up to $50,000 for a Minnesota Investment Fund loan. The total amount of guaranty is $250,000. Funds will be obligated under the Economic Development Fund, Fund 178, Fund Balance 311200.

RESOLVED FURTHER, that provided all required documentation is submitted by AAR, the appropriate county officials are authorized to execute a business subsidy agreement with AAR and a loan guaranty for the Minnesota Investment Fund and any other related documents after review and approval by a representative of the County Attorney's Office.

ST. LOUIS COUNTY TAX ABATEMENT FINANCING POLICY
Adopted by St. Louis County Board March 12, 2002
Resolution No. 187

SCOPE
This policy establishes the parameters of St. Louis County's participation in Tax Abatement Financing (TAF) as authorized under Minnesota Statutes §§469.1812 through 469.1815 (2000) and any amendments thereto. TAF may be considered a form of business subsidy which will require compliance with the Business Subsidy Act, Minnesota Statutes §§116J.993 through 116J.995, and any amendments thereto. This policy establishes the criteria and procedures to be utilized in administering TAF.

PURPOSE
The purpose of St. Louis County TAF is to provide a tool for the county to accomplish its goals in the areas of housing and economic development. These goals include facilitating projects that result in the creation of quality jobs and the attraction, retention, and expansion of business and housing options within the county. TAF is to be used for development or redevelopment that would not otherwise occur without the assistance of TAF.

STATUTORY CRITERIA
The public benefits of a project must be expected to exceed the costs to the county and the project must meet one or more of the following criteria:

1. Increase or preserve the county tax base,
2. Provide permanent employment opportunities within the county,
3. Provide or help acquire or construct public facilities,
4. Help redevelop or renew blighted areas within the county,
5. Help provide access to services for county residents,
6. Finance or provide public infrastructure, or
7. Phase in property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than an increase attributable to improvement of the parcel.

TYPES OF FINANCING
Of the TAF options available by state statute, the county will only enter into agreements for the following types of financing:

8. Rebate to a property owner (or taxpayer) all or part of paid county property taxes.
9. Defer county property taxes and provide a corresponding abatement of penalties and interest that would have otherwise accrued.
10. Phase in property tax increase resulting from an 50 percent or greater increase in estimated market value in one year from factors other than property improvement.

ADDITIONAL CRITERIA

The following additional criteria will apply to TAF projects:

1. The county will provide TAF to a project in conjunction with the municipality provided the municipality has some form of financial participation in the project.
2. Full-time equivalent jobs will be considered in determining either an increase or retention of jobs. Minimum wages for the jobs will be set at prevailing wage rates, for like or similar jobs within the area.
3. The county will not enter into agreements for speculative projects or developments which lack specific tenant agreements.
4. Non-housing projects must be at least 51 percent funded from non-public sources.
5. Housing projects must provide a minimum of 12 affordable rental units and remain affordable for 15 years pursuant to a declaration of covenants and deed restriction. Affordable rents will be no greater than fair market rents as determined by the U.S. Department of Housing and Urban Development.
6. All agreements entered into under this policy may be subject to the County Debt Policy.
7. All agreements entered into under this policy may be subject to the requirements of the County Business Subsidy Criteria and Minnesota Business Subsidy Act.
8. Projects will not place extraordinary demands on public services or generate significant environmental problems in the opinion of local, state, or federal governments.
9. Priority will be given to projects that clean up existing contaminated sites.
10. Projects must conform with all applicable state, local and federal requirements.

LIMITATIONS

The following limitations are set forth for all TAF projects:

1. The total annual commitment for all agreements under this program will not exceed one percent of the existing county levy.
2. No agreement under this policy will have a term exceeding ten full property tax years.
3. The overall total county contribution for any project regardless of the number of property tax parcels involved will not exceed ~~$300,000~~*$500,000* over the term of the agreement. ~~or $30,000 in any given year.~~
4. The county will not abate, retain, or defer in any one year more than the county's share of taxes net of all credits or abatements as determined by the county auditor for that year.
5. The maximum abatement for each qualified job under this program will be $1,000 per year.
6. The maximum abatement for each affordable housing unit will be $1,000 per year.
7. No carry over of any "unused" abatement is allowed.
8. Property within a tax increment financing district does not qualify.
9. ~~Personal property taxes and special assessments levied by any subdivision do not qualify for abatements. This is consistent with the opinion of the Minnesota Department of Revenue; personal property taxes on government owned property do not qualify for abatement.~~
10. ~~10.~~*9.* Deferred taxes will be due and payable in the first property tax payable year after the end

of the agreement.

~~11.~~*10.* The county board may extend the time for recipients' performance of specific items under the TAF agreement. However, the county board may not extend the time for payment of annual property taxes.

~~12.~~*11.* No abatement installment will be paid to a recipient if property taxes are not timely paid (i.e., within 15 days of statutory due date).

APPLICATION PROCESS

The following process is established for all TAF applications:

1. Applications must be completed on forms provided by the county together with all documentation, reports, and studies, financing packages, and other relevant data. County may accept municipal or another funder's application provided adequate information and documentation is provided.

~~2.~~ ~~Applicants must submit a non-refundable fee payment of $1,000 with the initial application.~~

~~3.~~*2.* The Planning Department will review the application to determine if the project appears to meet county policy guidelines and to determine the need for additional information. If the Planning Department determines the project meets policy guidelines, the applicant may submit a final application.

~~4.~~ ~~Applicant will submit a final application with additional documentation and a non-refundable application fee of $2,000. County will evaluate costs after one year and make recommendations on fees.~~

~~5.~~*3.* The Planning Department will then provide a detailed review of the project including a full due diligence study that will encompass at a minimum the financial and marketing package. When possible, this study will be completed in conjunction with the municipality and other project funders.

~~6.~~*4.* If the project qualifies for TAF, the county will proceed to approval process.

APPROVAL PROCESS

Following is the process the county will use in considering TAF applications:

1. The County Administrator will develop a project review report for the county board. The report will include at a minimum the information described in APPLICATION REVIEW section of this policy.
2. The county board will schedule a public hearing. After hearing testimony at the public hearing, the board will determine if the county will enter into a proposed TAF agreement. When possible, the county will conduct a joint public hearing with the municipality for tax abatement or other required business subsidy public hearings.

APPLICATION REVIEW

The Planning Department will review and report on at a minimum the following items for each TAF application forwarded to the county board for action:

1. The extent to which the public interest is served based on the nature and type of development.
2. The extent to which the new permanent employment opportunities provide benefits and prevailing wages for employees.
3. The extent to which the project provides permanent rental housing opportunities for low and moderate income families as defined by the federal and state government.
4. The extent to which there are additional public costs associated with the project such as pollution control, soil corrections, and public infrastructure.
5. The extent to which the project increases county costs for road construction, traffic control, law enforcement, human services and other budgetary considerations.
6. The extent to which the local municipality supports the project, including (but not limited to) tax abatement for the subject property.
7. The results of a due diligence study completed by staff or an independent consultant.

AGREEMENTS

Every TAF subsidy agreement will contain at a minimum sections covering:

1. A list of all the parties to the agreement, their relationship, and address.
2. Description of the project in detail and the type and amount of subsidy granted.
3. Describe the total financing of the project and the sources of all funding.
4. Findings of the County Board as provided for in M.S. §469.1813.
5. Findings that the project meets all criteria established in this policy and that all the limitations and other requirements of this policy are being met.
6. Description of any agreement between the applicant and the municipality or authority under this or any other program that provides any form of public financing.
7. The public purpose of the subsidy and why the subsidy is needed.
8. Description of the need for the subsidy and a summary of the supporting documentation.
9. Specific measurable goals and time frame for meeting established goals. This section must also state how and when required measurements will be completed. It will also include base line values for the measurable goals.
10. Length of continued operations and minimum level of such operation after the agreement expires.
11. Remedies for breach of terms in the agreement, definition of default and recipients' obligation if they do not fulfill the terms of the agreement.
12. Reporting requirements detailing the time and format of all submissions.
13. Description of any other terms of the agreement.

POST APPROVAL/ABATEMENT PROCESS

After approval of a TAF application, the county will adhere to the following process:

1. The county administrator will annually determine the necessary property tax levy (at 110 percent of the expected obligation) required to support the existing tax abatement agreements that will be in force for the subsequent tax year. The levy must be reflected in the administrators proposed budget for the next fiscal year.
2. County Planning will report to the Administrator by August 1 on each of the agreements as to their progress toward and/or maintenance of project goals and other agreement compliance issues.
3. For agreements not in compliance, the administrator will make a report to the county board together with a recommendation to extend or not extend performance deadlines.
4. The county board will then make a determination to extend, terminate, adjust or otherwise modify the agreement within statutory limits.
5. Semi-annually on or before June 1 and December 1 County Planning will submit a parcel detailed request to the Auditor who will then determine for each parcel whether property taxes were timely paid. The Auditor will promptly make such determinations and report back whether such payments were made and the amount of the county share of those taxes.
6. The Planning Department will on or before January 15 and July 15 prepare and submit to the Auditor payment vouchers to pay the owner or taxpayer as determined by the agreement the tax abatements due under the agreement. The payment vouchers must contain a certification that all conditions under the agreements necessary for payment of the tax abatements have been met.
7. The Auditor will issue and mail abatement checks by February 1 and August 1.

TIME FRAME

TAF applications will be accepted on an ongoing basis. The specific time frame for TAF applications is as follows:

1. <u>April 1</u>: Applicants must file for TAF consideration no later than April 1 of the year prior to the year the tax abatement is to be effective.
2. <u>August 1</u>: All the required steps in the application process must be completed no later than August 1 to provide the administrator time to incorporate the appropriate property tax levy and budget appropriations into the proposed budget for the following year.
3. <u>December 1</u>: The county and all the parties to the agreement will execute the agreement prior to December 1 of the year preceding the year in which the tax abatement is to be effective. Failure to fully execute the agreement by this date will at a minimum postpone the proposed tax abatements by at least one year.

MEASUREMENTS

TAF recipients must provide adequate documentation for the following project performance measurements by the deadlines established in the subsidy agreement:

1. Baseline measurements for performance criteria will use information for the six full months immediately preceding the application date.
2. Annual performance measurements will at a minimum use median information for six full months prior to the required reporting date.
3. Employment performance measurements will use the median monthly wages for full time employment.

The county reserves the right to approve or reject projects on a case-by-case basis. Meeting minimum policy criteria does not guarantee the award of TAF to the project. Approval or denial of one project is not intended to set precedent for approval or denial of another project. The county, at its discretion, reserves the right to deviate from its policy to impose more severe penalties and restrictions.

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BOARD LETTER NO. 12 - 256

ENVIRONMENT & NATURAL RESOURCES COMMITTEE

JUNE 26, 2012 BOARD AGENDA NO. 1

DATE: **June 26, 2012**

RE: **Private Sale of State Tax Forfeited Land - Jershe**

FROM: **Kevin Z. Gray**
County Administrator

Robert Krepps, Land Commissioner
Land and Minerals

RELATED DEPARTMENTAL GOAL:
Financial return to the county and taxing districts.

ACTION REQUESTED:
The St. Louis County Board is requested to authorize a private sale of state tax forfeited land located in the City of Babbitt to Michael Jershe.

BACKGROUND:
Michael Jershe (Ely, MN) is interested in acquiring a non-conforming strip of tax forfeited land adjacent to his private property. In 2010 he contacted his State Representative, and special legislation was drafted authorizing the sale. The special legislation was approved in 2011 (Laws of Minnesota 2011, Chapter 3, Section 31). The legislation also authorizes the private sale of three additional non-conforming strips of tax forfeited land to other adjacent property owners in the area.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the private sale of state tax forfeited land to Michael Jershe.

Private Sale of State Tax Forfeited Land - Jershe

BY COMMISSIONER _____

WHEREAS, pursuant to Laws of Minnesota 2011, Chapter 3, Section 31, St. Louis County may sell by private sale the following described state tax forfeited parcels:

The West 33 feet of the North 208 feet of the South 1,040 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00988

The North 45.27 feet of the South 1,085.27 feet of the West 449 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00989

WHEREAS, these parcels of land have been classified as non-conservation land pursuant to Minn. Stat. § 282.01; and

WHEREAS, these parcels of land are not withdrawn from sale pursuant to Minn. Stat. §§ 85.012, 92.461, 282.01, Subd. 8, and other statutes that require the withholding of state tax forfeited lands from sale.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board approves the sale of state tax forfeited parcels 105-0080-00988 and 105-0080-00989 to Michael Jershe for a land value of $2,800, 3% assurance fee of $84, deed fee of $25, deed tax of $9.24, and recording fee of $46; for a total of $2,964.24, to be deposited in Fund 240 (Forfeited Tax Fund).

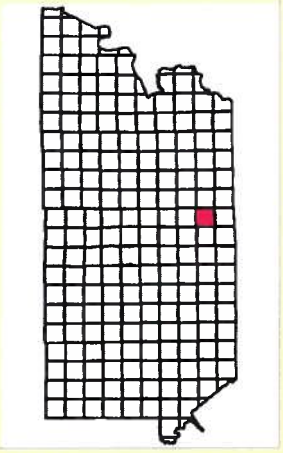
St. Louis County Land and Minerals Department
Tax Forfeited Land Sales

Land Sale Parcels

Commissioner District # 4

- State Tax Forfeited
- Water
- Road
- Parcel Aerial
- Parcel Plat
- Township-Range

St. Louis County Minnesota



City of Babbitt Section: 7 Township: 60 Range: 13

The West 33 feet of the North 208 feet of the South 1,040 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00988;

The North 45.27 feet of the South 1,085.27 feet of the West 449 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00989;

The West 33 feet of the North 208 feet of the South 832 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00991;

The West 33 feet of the North 208 feet of the South 624 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00992;

The West 33 feet of the South 416 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West, Parcel Code 105-0080-00993

This drawing is neither a legally recorded map nor a survey and is not intended to be used as such. This drawing is a compilation of recorded information and data located in various city, county,state and federal offices. St.Louis County is not responsible for any incorrectness herein.

St. Louis County Land and Minerals Department

BOARD LETTER NO. 12 - 240

FINANCE & BUDGET COMMITTEE

JUNE 26, 2012 BOARD AGENDA NO. 2

DATE: **June 12, 2012**

RE: **Off-Sale Intoxicating Liquor License "The Shack" (Unorganized Township 59-16)**

FROM: **Kevin Z. Gray**
County Administrator

Donald Dicklich
County Auditor

RELATED DEPARTMENT GOAL:
Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:
The St. Louis County Board is requested to consider an off-sale intoxicating liquor license for "The Shack", an establishment in Unorganized Township 59-16.

BACKGROUND:
The Shack, Inc., has made application for an Off-Sale Intoxicating Liquor License for the establishment known as The Shack, Unorganized Township 59-16.

M.S. 340A.405, subdivision 2d, relating to the issuance of off-sale intoxicating liquor licenses provides that "No license may be issued under this subdivision unless a public hearing is held on the issuance of the license. Notice must be given to all interested parties and to any city located within three miles of the premises to be licensed. At the hearing the county board shall consider testimony and exhibits presented by interested parties and may base its decision to issue or deny a license upon the nature of the business to be conducted and its impact upon any municipality, and the character and reputation of the applicant, and the propriety of the location."

The County Liquor Licensing Committee considered and approved the application and recommends Board approval. This establishment is located in Area 2 and the annual license fee is $250.00.

RECOMMENDATION:
It is recommended that the St. Louis County Board consider the testimony at the public hearing and barring any valid objection, approve the issuance of the off sale license.

Public Hearing to Consider Off-Sale Intoxicating Liquor License
(Unorganized Township 59-16)

BY COMMISSIONER _____

WHEREAS, The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16, St. Louis County, Minnesota, has applied for an off-sale intoxicating liquor license; and

WHEREAS, Minn. Stat. Section 340A.405, Subdivision 2(d), requires that a public hearing be held prior to the issuance of an off-sale intoxicating liquor license; and

WHEREAS, a public hearing was held on June 12, 2012, at 9:50 A.M. in the St. Louis County Courthouse, Duluth, Minnesota, for the purpose of considering the off-sale intoxicating liquor license; and

WHEREAS, with regard to the application for the license, The Shack has complied in all respects with the requirements of Minnesota Law and St. Louis County Ordinance No. 28; and

WHEREAS, the Liquor Licensing Committee of the St. Louis County Board has considered the nature of the business to be conducted and the propriety of the location and has recommended approval of the application.

NOW, THEREFORE, BE IT RESOLVED, that an Off-Sale Intoxicating Liquor License shall be issued to The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16, located in Area 2, for an annual fee of $250.00.

RESOLVED FURTHER, that said liquor license shall be effective upon compliance with all contingencies through June 30 of license term.

RESOLVED FURTHER, that said license is approved contingent upon payment of real estate taxes when due.

RESOLVED FURTHER, that said license is approved contingent upon approval from Minnesota Department of Health (MDH), proof of liquor liability insurance, State and Federal tax identification numbers, MDH Food/Beverage Service License application and payment of past due and delinquent real estate taxes.

RESOLVED FURTHER, that if named license holder sells the licensed place of business, the County Board may, at its discretion after an investigation, transfer the license to a new owner, but without pro-rated refund of license fee to the license holder.

BOARD LETTER NO. 12 - 257

FINANCE & BUDGET COMMITTEE

JUNE 26, 2012 BOARD AGENDA NO. 3

DATE: **June 26, 2012**

RE: **On-Sale and Sunday On-Sale Intoxicating Liquor Licenses for The Shack, Inc. (Unorganized Township 59-16)**

FROM: **Kevin Z. Gray**
County Administrator

Donald Dicklich
County Auditor

RELATED DEPARTMENT GOAL:
Provide mandated and discretionary licensing services in a timely manner.

ACTION REQUESTED:
The St. Louis County Board is requested to approve an application for on-sale and Sunday on-sale intoxicating liquor licenses for The Shack, Inc., contingent upon completion of all compliance requirements.

BACKGROUND:
The application for new on-sale and Sunday on-sale intoxicating liquor licenses for The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16, was removed from the June 12, 2012, County Board Consent Agenda and tabled to the June 26, 2012, Regular Board Agenda for further consideration.

The action was taken to provide for these licenses to be considered at the same meeting when an application for the issuance of an off-sale intoxicating liquor license for The Shack, Inc., will also be taken up by the County Board.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve the new on-sale and Sunday on-sale intoxicating liquor licenses for The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16, with appropriate contingencies as necessary.

On-Sale and Sunday On-Sale Intoxicating Liquor Licenses for
The Shack, Inc. (Unorganized Township 59-16)

BY COMMISSIONER _____

RESOLVED, that pursuant to the provisions of Minnesota Statutes, Section 340A, as amended, and Rules and Regulations adopted by this Board under St. Louis County Ordinance No. 28, dated May 22, 1978, as amended, the following application for an intoxicating liquor license is hereby approved, on file in the office of the County Auditor, identified as County Board File No. 59385.

RESOLVED FURTHER, that said license is approved contingent upon license holder paying real estate or personal property taxes when due.

RESOLVED FURTHER, that if named license holder sells their licensed place of business, the County Board, at its discretion, may, after an investigation, transfer the license to a new owner, but without pro-rated refund of the license fees to the license holder.

RESOLVED FURTHER, that said license is approved contingent upon approval from Minnesota Department of Health (MDH), proof of liquor liability insurance, State and Federal tax identification numbers, MDH Food/Beverage Service License application and payment of past due and delinquent real estate taxes.

RESOLVED FURTHER, that On-Sale and Sunday On-Sale Intoxicating Liquor Licenses shall be effective upon compliance with all contingencies through June 30 of license term:

The Shack, Inc., d/b/a The Shack, Unorganized Township 59-16, new.

BOARD LETTER NO. 12 - 258

PUBLIC SAFETY & CORRECTIONS COMMITTEE

JUNE 26, 2012 BOARD AGENDA NO. 4

DATE: **June 26, 2012**

RE: **Arrowhead Regional Corrections Capital Improvement Bond Proposal**

FROM: **Kevin Z. Gray**
County Administrator

RELATED DEPARTMENT GOAL:
To provide effective and efficient government.

ACTION REQUESTED:
The St. Louis County Board is requested to approve St. Louis County serving as host for a proposed sale of bonds to fund a capital improvement proposal for Arrowhead Regional Corrections (ARC).

BACKGROUND:
In May of 2012, the State of Minnesota awarded the Arrowhead Regional Corrections Joint Powers Board a grant in the amount of $737,000 for asset preservation, improvements at the Northeast Regional Corrections Center (NERCC) facility. The grant application included a requirement that the entity applying match the state's funding. The projects in the proposal include replacing the wood fired boilers, new domestic hot water systems, exterior repairs, window replacements, ventilation improvements and improved energy efficiencies. All of the projects in the state appropriation bond totaled $1,458,000.

ARC has explored the possibility of asking St. Louis County to host a bond for the costs of the project, and the County Auditor has assisted ARC in looking at the financing options available. At its June 12, 2012, Committee of the Whole meeting, ARC Director Kay Arola presented the entire bonding proposal as submitted to the state. However, the challenging economic environment of the past decade, has resulted in deferred maintenance at both NERCC and the Arrowhead Juvenile Center (AJC). As a result, in addition to the projects identified in the state appropriation grant, NERCC and AJC have several other capital improvement needs that could to be addressed, totaling an additional $1,088,000.

At the close of the presentation, the County Board approved a motion to host a capital improvement bond for ARC projects, and moved the resolution, without recommendation, to the June 26, 2012, Board Meeting for further discussion. No specific dollar amount was included in the resolution to host the bond.

RECOMMENDATION:
It is recommended that the St. Louis County Board approve St. Louis County hosting a bond for the costs of an Arrowhead Regional Corrections capital improvement project that could include the state bonding proposal and selected items from the list of additional needs presented during the June 12, 2012, Committee of the Whole meeting.

Arrowhead Regional Corrections Capital Improvement Bond Proposal

BY COMMISSIONER _____

WHEREAS, the State of Minnesota has awarded the Arrowhead Regional Corrections Joint Powers Board a grant in the amount of $737,000 for asset preservation, improvements at the Northeast Regional Corrections Center (NERCC) facility; and

WHEREAS, the grant application included a requirement that the entity applying match the state's funding; and

WHEREAS, the projects in the proposal include replacing the wood fired boilers, new domestic hot water systems, exterior repairs, window replacements, ventilation improvements and improved energy efficiencies totaling $1,458,000; and

WHEREAS, Arrowhead Regional Corrections has asked that St. Louis County host a bond for the costs of the project.

NOW, THEREFORE, BE IT RESOLVED, that the St. Louis County Board approves that St. Louis County shall host a bond for the costs of an Arrowhead Regional Corrections capital improvement project at Northeast Regional Corrections Center (NERCC), for the total cost of the required state match of $750,000.

RESOLVED FURTHER, that the County Board will consider specific additional items for the bond sale from a subsequent list of proposed capital improvement projects at both NERCC and the Arrowhead Juvenile Center totaling up to $1,088,000.

Affecting Lives
Reducing
Crime

Arrowhead Regional Corrections

June 5, 2012

Commissioner Kevin Adee, Koochiching County
Commissioner Paul Bergman, Lake County
Commissioner Marv Bodie, Carlton County
Commissioner Dick Brenner, Carlton County
Commissioner Thomas Clifford, Lake County
Commissioner Chris Dahlberg, St. Louis County
Donald Dicklich, St. Louis County Auditor
Commissioner Robert Ecklund, Koochiching Cnty
Commissioner Mike Forsman, St. Louis County
Paul Gassert, Carlton County Auditor
Dennis Genereau, Carlton County Administrator
Commissioner Rick Goutermont, Lake County
Kevin Gray, St. Louis County Administrator
Commissioner Sue Hakes, Cook County
Commissioner Janice Hall, Cook County
Commissioner Michael Hanson, Koochiching Cty
Matthew Huddleston, Lake County Administrator
Teresa Jaksa, Koochiching County Coordinator
Commissioner Frank Jewell, St. Louis County
Commissioner Jim Johnson, Cook County
Commissioner Brad Jones, Lake County
Commissioner Brian McBride, Koochiching Cnty
Steve McMahon, Lake County Auditor
Commissioner Bruce Martinson, Cook County
Commissioner Keith Nelson, St. Louis County
Commissioner Steve O'Neil, St. Louis County
Commissioner Robert Olean, Carlton County
Commissioner Wade Pavleck, Koochiching Cnty
Robert Peterson, Koochiching County Auditor
Commissioner Ted Pihlman, Carlton County
Braidy Powers, Cook County Auditor
Commissioner Tom Proulx, Carlton County
Commissioner Steve Raukar, St. Louis County
Janet Simonen, Cook County
Commissioner Fritz Sobanja, Cook County
Commissioner Rich Sve, Lake County
Commissioner Peg Sweeney, St. Louis County

Dear Friends,

In May of 2012, the State of Minnesota awarded the Arrowhead Regional Corrections Joint Powers Board a grant in the amount of $737,000 for asset preservation, improvements and betterments of a capital nature at the Northeast Regional Corrections Center (NERCC) facility. The grant application included a requirement that the entity applying match the state's funding. The projects included in the proposal are specified in the attached document but include replacing the wood fired boilers, new domestic hot water systems, exterior repairs, window replacements, ventilation improvements and improved energy efficiencies. NERCC is in dire need of these improvements. Many of these

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Chief Probation Officer
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☐ **Kathy Trihey**
Superintendent
Arrowhead Juvenile Center
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☐ **Warren Salmela**
Superintendent
Northeast Regional Corrections Center
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Julie Peters
Administrative Assistant
(218) 726-2657
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☐ **Probation Office**
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Duluth, MN 55802-1202
(218) 726-2633

systems are past their life expectancy and the return on investment in energy savings will benefit ARC well into the future.

ARC has explored the possibility of asking St Louis County to host a bond for the costs of the project. St Louis County is considering providing this service and has assisted ARC in looking at the financing options available. Attached you will find two documents prepared by Public Financial Management based on the current market rates as of May 11, 2012. The documents show the estimated interest rates as well as the annual debt service on bonds issued in the amount of $750,000. One document is for a 15 year term and the other for a 20 year term. The first payment is generally due approximately 1 year from the date of issuance.

Each county would be assessed their proportional share based on their utilization of NERCC and averaging that usage over the past five (5) years.

NERCC Days of Care ~ Five Year Average

County	2007	2008	2009	2010	2011	5 Year Average	%
Carlton	3,644	3,204	3,365	4,130	5,494	3,967	7.58%
Cook	400	627	617	1,013	1,034	738	1.41%
Koochiching	0	402	248	165	564	276	0.53%
Lake	688	1,074	1,668	979	1,122	1,106	2.11%
St. Louis	50,022	46,947	47,990	47,116	39,336	46,282	88.38%
Totals	54,754	52,254	53,888	53,403	47,550	52,370	100.00%

The challenging economic environment of the past decade has resulted in deferred maintenance of both NERCC and the Arrowhead Juvenile Center. As a result, in addition to the projects identified in the state appropriation grant, NERCC and the Arrowhead Juvenile Center have several other capital improvement projects that need to be addressed. These projects are itemized in the attached document but include installing a fire sprinkler system in the NERCC main building for fire code compliance; a new heating and cooling system for the NERCC Education building, slaughter house and pump house; remodeling the resident shower rooms; upgrading the interior and exterior lighting throughout NERCC for better energy efficiency; ventilating the NERCC residents' dorms and insulating some of the exterior walls at the Arrowhead Juvenile Center.

These additional asset preservation projects total approximately $1,088,000. The ARC Joint Powers counties would be obligating approximately $1,825,000 to complete all of the necessary improvements in addition to the state's appropriation of $737,000. The projects completed would be a total capital investment in NERCC and AJC of approximately $2,562,000.

Attached you will find two additional documents prepared by Public Financial Management based on the current market rates as of May 11, 2012. The documents show the estimated interest rates as well as the annual debt service on bonds issued in the amount of $1,815,000. One document is for a 15 year term and the other for a 20 year term.

There are several compelling reasons to complete the identified projects at this time.

- To capitalize on the state bonding appropriation grant of $737,000;
- Current market for financing options reflect favorable rates;
- Asset preservation is critically necessary and will need to be addressed in order to assure that the institutions continue to operate effectively and efficiently to serve the needs of public safety;
- Many of the current systems are beyond their life expectancy and inefficient;
- There are anticipated cost savings that will be generated by upgrading to more efficient systems creating a return on investment; and
- Health and safety issues will be addressed by complying with building codes.

Arrowhead Regional Corrections requests that each of the partner counties discuss the above detailed options. Any capital improvement will require each individual county board to pass a resolution obligating the county to the expenses and/or debt incurred to complete the projects.

If you have any questions, please contact me. I thank you for your thoughtful consideration of these critically important and necessary projects.

Sincerely,

Kay Arola, jp

Kay Arola
Executive Director

KA:jp

Attachment 1

Projects included in the state appropriation bond:

Main facility domestic hot water system replacement *(Currently hot water produced by running the boilers all year round.)*	$ 80,000
Main facility heating hot water loop upgrades (low pressure steam to hot water)	$120,000
Main facility wood fired boiler replacement *(Current boiler inefficient and beyond life expectancy)*	$350,000
Main facility exterior repairs and upgrades (old section of NERCC main building)	$125,000
Main facility exterior window and door replacement (old section of NERCC main building)	$125,000
Main facility sanitation / plumbing fixture replacement	$175,000
Main facility kitchen / food preparation area ventilation	$ 55,000
Main facility ventilation and automatic controllers for common areas, offices, and resident areas (old section of NERCC main building)	$ 80,000
Main facility automatic energy management and climate controllers for entire facility, including the new and old sections, common areas, offices, and resident areas	$ 60,000
Relocation of the laundry equipment to the main building *(Currently laundry is located in an out building.)*	$ 20,000
Main facility life safety / egress improvements include upgrades and changes to comply with current codes	$100,000
Installation of temperature controls, thermal mass storage, and back up heating equipment for outlying buildings	$ 18,000
Install a two stop elevator in the main facility (old section of NERCC main building) This would bring the facility into ADA compliance.	$150,000
Total	$1,458,000

Attachment 2

SOURCES AND USES OF FUNDS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Sources:	
Bond Proceeds:	
Par Amount	750,000.00
Premium	21,267.65
	771,267.65

Uses:	
Project Fund Deposits:	
Project Fund	735,000.00
Cost of Issuance:	
Other Cost of Issuance	30,000.00
Delivery Date Expenses:	
Underwriter's Discount	5,250.00
Other Uses of Funds:	
Additional Proceeds	1,017.65
	771,267.65

BOND DEBT SERVICE

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2013			12,187.50	12,187.50	
12/01/2013	40,000	2.000%	8,125.00	48,125.00	60,312.50
06/01/2014			7,725.00	7,725.00	
12/01/2014	45,000	2.000%	7,725.00	52,725.00	60,450.00
06/01/2015			7,275.00	7,275.00	
12/01/2015	45,000	2.000%	7,275.00	52,275.00	59,550.00
06/01/2016			6,825.00	6,825.00	
12/01/2016	45,000	2.000%	6,825.00	51,825.00	58,650.00
06/01/2017			6,375.00	6,375.00	
12/01/2017	45,000	2.000%	6,375.00	51,375.00	57,750.00
06/01/2018			5,925.00	5,925.00	
12/01/2018	50,000	2.000%	5,925.00	55,925.00	61,850.00
06/01/2019			5,425.00	5,425.00	
12/01/2019	50,000	2.000%	5,425.00	55,425.00	60,850.00
06/01/2020			4,925.00	4,925.00	
12/01/2020	50,000	2.000%	4,925.00	54,925.00	59,850.00
06/01/2021			4,425.00	4,425.00	
12/01/2021	50,000	2.000%	4,425.00	54,425.00	58,850.00
06/01/2022			3,925.00	3,925.00	
12/01/2022	50,000	2.250%	3,925.00	53,925.00	57,850.00
06/01/2023			3,362.50	3,362.50	
12/01/2023	55,000	2.250%	3,362.50	58,362.50	61,725.00
06/01/2024			2,743.75	2,743.75	
12/01/2024	55,000	2.250%	2,743.75	57,743.75	60,487.50
06/01/2025			2,125.00	2,125.00	
12/01/2025	55,000	2.500%	2,125.00	57,125.00	59,250.00
06/01/2026			1,437.50	1,437.50	
12/01/2026	55,000	2.500%	1,437.50	56,437.50	57,875.00
06/01/2027			750.00	750.00	
12/01/2027	60,000	2.500%	750.00	60,750.00	61,500.00
	750,000		146,800.00	896,800.00	896,800.00

BOND PRICING

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	12/01/2013	40,000	2.000%	0.350%	102.055		822.00
	12/01/2014	45,000	2.000%	0.460%	103.442		1,548.90
	12/01/2015	45,000	2.000%	0.600%	104.498		2,024.10
	12/01/2016	45,000	2.000%	0.740%	105.261		2,367.45
	12/01/2017	45,000	2.000%	0.910%	105.575		2,508.75
	12/01/2018	50,000	2.000%	1.110%	105.358		2,679.00
	12/01/2019	50,000	2.000%	1.300%	104.827		2,413.50
	12/01/2020	50,000	2.000%	1.530%	103.628		1,814.00
	12/01/2021	50,000	2.000%	1.750%	102.125		1,062.50
	12/01/2022	50,000	2.250%	1.910%	103.150		1,575.00
	12/01/2023	55,000	2.250%	2.070%	101.653 C	2.084%	909.15
	12/01/2024	55,000	2.250%	2.200%	100.455 C	2.207%	250.25
	12/01/2025	55,000	2.500%	2.320%	101.631 C	2.356%	897.05
	12/01/2026	55,000	2.500%	2.420%	100.720 C	2.440%	396.00
	12/01/2027	60,000	2.500%	2.500%	100.000		
		750,000					21,267.65

Dated Date	09/01/2012	
Delivery Date	09/01/2012	
First Coupon	06/01/2013	
Par Amount	750,000.00	
Premium	21,267.65	
Production	771,267.65	102.835687%
Underwriter's Discount	(5,250.00)	(0.700000%)
Purchase Price	766,017.65	102.135687%
Accrued Interest		
Net Proceeds	766,017.65	

BOND SUMMARY STATISTICS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012
Last Maturity	12/01/2027
Arbitrage Yield	1.886509%
True Interest Cost (TIC)	1.974408%
Net Interest Cost (NIC)	2.009717%
All-In TIC	2.493048%
Average Coupon	2.255859%
Average Life (years)	8.677
Duration of Issue (years)	7.837
Par Amount	750,000.00
Bond Proceeds	771,267.65
Total Interest	146,800.00
Net Interest	130,782.35
Total Debt Service	896,800.00
Maximum Annual Debt Service	61,850.00
Average Annual Debt Service	58,806.56
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	102.135687

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	750,000.00	102.836	2.256%	8.677	546.80
	750,000.00			8.677	546.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	750,000.00	750,000.00	750,000.00
+ Accrued Interest			
+ Premium (Discount)	21,267.65	21,267.65	21,267.65
- Underwriter's Discount	(5,250.00)	(5,250.00)	
- Cost of Issuance Expense		(30,000.00)	
- Other Amounts			
Target Value	766,017.65	736,017.65	771,267.65
Target Date	09/01/2012	09/01/2012	09/01/2012
Yield	1.974408%	2.493048%	1.886509%

SOURCES AND USES OF FUNDS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Sources:	
Bond Proceeds:	
Par Amount	750,000.00
Premium	21,845.30
	771,845.30

Uses:	
Project Fund Deposits:	
Project Fund	735,000.00
Cost of Issuance:	
Other Cost of Issuance	30,000.00
Delivery Date Expenses:	
Underwriter's Discount	6,000.00
Other Uses of Funds:	
Additional Proceeds	845.30
	771,845.30

BOND DEBT SERVICE

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date 09/01/2012
Delivery Date 09/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2013			13,666.88	13,666.88	
12/01/2013	25,000	2.000%	9,111.25	34,111.25	47,778.13
06/01/2014			8,861.25	8,861.25	
12/01/2014	30,000	2.000%	8,861.25	38,861.25	47,722.50
06/01/2015			8,561.25	8,561.25	
12/01/2015	30,000	2.000%	8,561.25	38,561.25	47,122.50
06/01/2016			8,261.25	8,261.25	
12/01/2016	35,000	2.000%	8,261.25	43,261.25	51,522.50
06/01/2017			7,911.25	7,911.25	
12/01/2017	35,000	2.000%	7,911.25	42,911.25	50,822.50
06/01/2018			7,561.25	7,561.25	
12/01/2018	35,000	2.000%	7,561.25	42,561.25	50,122.50
06/01/2019			7,211.25	7,211.25	
12/01/2019	35,000	2.000%	7,211.25	42,211.25	49,422.50
06/01/2020			6,861.25	6,861.25	
12/01/2020	35,000	2.000%	6,861.25	41,861.25	48,722.50
06/01/2021			6,511.25	6,511.25	
12/01/2021	35,000	2.000%	6,511.25	41,511.25	48,022.50
06/01/2022			6,161.25	6,161.25	
12/01/2022	35,000	2.250%	6,161.25	41,161.25	47,322.50
06/01/2023			5,767.50	5,767.50	
12/01/2023	40,000	2.250%	5,767.50	45,767.50	51,535.00
06/01/2024			5,317.50	5,317.50	
12/01/2024	40,000	2.250%	5,317.50	45,317.50	50,635.00
06/01/2025			4,867.50	4,867.50	
12/01/2025	40,000	2.500%	4,867.50	44,867.50	49,735.00
06/01/2026			4,367.50	4,367.50	
12/01/2026	40,000	2.500%	4,367.50	44,367.50	48,735.00
06/01/2027			3,867.50	3,867.50	
12/01/2027	40,000	2.500%	3,867.50	43,867.50	47,735.00
06/01/2028			3,367.50	3,367.50	
12/01/2028	40,000	3.000%	3,367.50	43,367.50	46,735.00
06/01/2029			2,767.50	2,767.50	
12/01/2029	45,000	3.000%	2,767.50	47,767.50	50,535.00
06/01/2030			2,092.50	2,092.50	
12/01/2030	45,000	3.000%	2,092.50	47,092.50	49,185.00
06/01/2031			1,417.50	1,417.50	
12/01/2031	45,000	3.150%	1,417.50	46,417.50	47,835.00
06/01/2032			708.75	708.75	
12/01/2032	45,000	3.150%	708.75	45,708.75	46,417.50
	750,000		227,663.13	977,663.13	977,663.13

BOND PRICING

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	12/01/2013	25,000	2.000%	0.350%	102.055		513.75
	12/01/2014	30,000	2.000%	0.460%	103.442		1,032.60
	12/01/2015	30,000	2.000%	0.600%	104.498		1,349.40
	12/01/2016	35,000	2.000%	0.740%	105.261		1,841.35
	12/01/2017	35,000	2.000%	0.910%	105.575		1,951.25
	12/01/2018	35,000	2.000%	1.110%	105.358		1,875.30
	12/01/2019	35,000	2.000%	1.300%	104.827		1,689.45
	12/01/2020	35,000	2.000%	1.530%	103.628		1,269.80
	12/01/2021	35,000	2.000%	1.750%	102.125		743.75
	12/01/2022	35,000	2.250%	1.910%	103.150		1,102.50
	12/01/2023	40,000	2.250%	2.070%	101.653 C	2.084%	661.20
	12/01/2024	40,000	2.250%	2.200%	100.455 C	2.207%	182.00
	12/01/2025	40,000	2.500%	2.320%	101.631 C	2.356%	652.40
	12/01/2026	40,000	2.500%	2.420%	100.720 C	2.440%	288.00
	12/01/2027	40,000	2.500%	2.500%	100.000		
	12/01/2028	40,000	3.000%	2.580%	103.759 C	2.712%	1,503.60
	12/01/2029	45,000	3.000%	2.660%	103.030 C	2.778%	1,363.50
	12/01/2030	45,000	3.000%	2.720%	102.487 C	2.824%	1,119.15
	12/01/2031	45,000	3.150%	2.780%	103.277 C	2.926%	1,474.65
	12/01/2032	45,000	3.150%	2.840%	102.737 C	2.969%	1,231.65
		750,000					21,845.30

Dated Date	09/01/2012	
Delivery Date	09/01/2012	
First Coupon	06/01/2013	
Par Amount	750,000.00	
Premium	21,845.30	
Production	771,845.30	102.912707%
Underwriter's Discount	(6,000.00)	(0.800000%)
Purchase Price	765,845.30	102.112707%
Accrued Interest		
Net Proceeds	765,845.30	

BOND SUMMARY STATISTICS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012
Last Maturity	12/01/2032
Arbitrage Yield	2.192117%
True Interest Cost (TIC)	2.392862%
Net Interest Cost (NIC)	2.449469%
All-In TIC	2.805660%
Average Coupon	2.632705%
Average Life (years)	11.530
Duration of Issue (years)	9.873
Par Amount	750,000.00
Bond Proceeds	771,845.30
Total Interest	227,663.13
Net Interest	211,817.83
Total Debt Service	977,663.13
Maximum Annual Debt Service	51,535.00
Average Annual Debt Service	48,279.66
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	8.000000
Total Underwriter's Discount	8.000000
Bid Price	102.112707

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	750,000.00	102.913	2.633%	11.530	587.15
	750,000.00			11.530	587.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	750,000.00	750,000.00	750,000.00
+ Accrued Interest			
+ Premium (Discount)	21,845.30	21,845.30	21,845.30
- Underwriter's Discount	(6,000.00)	(6,000.00)	
- Cost of Issuance Expense		(30,000.00)	
- Other Amounts			
Target Value	765,845.30	735,845.30	771,845.30
Target Date	09/01/2012	09/01/2012	09/01/2012
Yield	2.392862%	2.805660%	2.192117%

Attachment 3

Arrowhead Regional Corrections

Building	PROJECT DESCRIPTION	Project Priority	Total ARC Project Cost
NERCC Main Facility	Install sprinkler system (fire sprinklers)	1	$100,000
NERCC Main Facility	Add ventilation to resident rooms	2	$250,000
All NERCC Buildings	Upgrade lighting and lighting control systems - interior and exterior (MN Power rebates - payback est. @ 4 years)	3	$100,000
NERCC Main Facility	Remodel resident shower rooms	4	$50,000
NERCC Education Bldg., Slaughter House, Pump House	Install heating systems, heat pumps for heating and cooling system, and stand alone heating system in Pump House	5	$240,000
AJC	EFIS System and metal panel system at original building & new building addition	6	$148,000
NERCC Main Facility	Relocate security center including security equipment upgrades and installation of A/C	7	$145,000
NERCC Campus	Remove old fuel tanks	8	$30,000
Creamery/Old House	Deconstruct old creamery and abandoned house structures	9	$25,000
TOTAL			**$1,088,000**

Attachment 4

SOURCES AND USES OF FUNDS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Sources:	
Bond Proceeds:	
Par Amount	1,815,000.00
Premium	51,564.20
	1,866,564.20

Uses:	
Project Fund Deposits:	
Project Fund	1,800,000.00
Cost of Issuance:	
Other Cost of Issuance	50,000.00
Delivery Date Expenses:	
Underwriter's Discount	12,705.00
Other Uses of Funds:	
Additional Proceeds	3,859.20
	1,866,564.20

BOND DEBT SERVICE

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2013			29,503.13	29,503.13	
12/01/2013	95,000	2.000%	19,668.75	114,668.75	144,171.88
06/01/2014			18,718.75	18,718.75	
12/01/2014	105,000	2.000%	18,718.75	123,718.75	142,437.50
06/01/2015			17,668.75	17,668.75	
12/01/2015	110,000	2.000%	17,668.75	127,668.75	145,337.50
06/01/2016			16,568.75	16,568.75	
12/01/2016	110,000	2.000%	16,568.75	126,568.75	143,137.50
06/01/2017			15,468.75	15,468.75	
12/01/2017	115,000	2.000%	15,468.75	130,468.75	145,937.50
06/01/2018			14,318.75	14,318.75	
12/01/2018	115,000	2.000%	14,318.75	129,318.75	143,637.50
06/01/2019			13,168.75	13,168.75	
12/01/2019	120,000	2.000%	13,168.75	133,168.75	146,337.50
06/01/2020			11,968.75	11,968.75	
12/01/2020	120,000	2.000%	11,968.75	131,968.75	143,937.50
06/01/2021			10,768.75	10,768.75	
12/01/2021	125,000	2.000%	10,768.75	135,768.75	146,537.50
06/01/2022			9,518.75	9,518.75	
12/01/2022	125,000	2.250%	9,518.75	134,518.75	144,037.50
06/01/2023			8,112.50	8,112.50	
12/01/2023	130,000	2.250%	8,112.50	138,112.50	146,225.00
06/01/2024			6,650.00	6,650.00	
12/01/2024	130,000	2.250%	6,650.00	136,650.00	143,300.00
06/01/2025			5,187.50	5,187.50	
12/01/2025	135,000	2.500%	5,187.50	140,187.50	145,375.00
06/01/2026			3,500.00	3,500.00	
12/01/2026	140,000	2.500%	3,500.00	143,500.00	147,000.00
06/01/2027			1,750.00	1,750.00	
12/01/2027	140,000	2.500%	1,750.00	141,750.00	143,500.00
	1,815,000		355,909.38	2,170,909.38	2,170,909.38

BOND PRICING

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	12/01/2013	95,000	2.000%	0.350%	102.055		1,952.25
	12/01/2014	105,000	2.000%	0.460%	103.442		3,614.10
	12/01/2015	110,000	2.000%	0.600%	104.498		4,947.80
	12/01/2016	110,000	2.000%	0.740%	105.261		5,787.10
	12/01/2017	115,000	2.000%	0.910%	105.575		6,411.25
	12/01/2018	115,000	2.000%	1.110%	105.358		6,161.70
	12/01/2019	120,000	2.000%	1.300%	104.827		5,792.40
	12/01/2020	120,000	2.000%	1.530%	103.628		4,353.60
	12/01/2021	125,000	2.000%	1.750%	102.125		2,656.25
	12/01/2022	125,000	2.250%	1.910%	103.150		3,937.50
	12/01/2023	130,000	2.250%	2.070%	101.653 C	2.084%	2,148.90
	12/01/2024	130,000	2.250%	2.200%	100.455 C	2.207%	591.50
	12/01/2025	135,000	2.500%	2.320%	101.631 C	2.356%	2,201.85
	12/01/2026	140,000	2.500%	2.420%	100.720 C	2.440%	1,008.00
	12/01/2027	140,000	2.500%	2.500%	100.000		
		1,815,000					51,564.20

Dated Date	09/01/2012	
Delivery Date	09/01/2012	
First Coupon	06/01/2013	
Par Amount	1,815,000.00	
Premium	51,564.20	
Production	1,866,564.20	102.841003%
Underwriter's Discount	(12,705.00)	(0.700000%)
Purchase Price	1,853,859.20	102.141003%
Accrued Interest		
Net Proceeds	1,853,859.20	

BOND SUMMARY STATISTICS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 15 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012
Last Maturity	12/01/2027
Arbitrage Yield	1.886901%
True Interest Cost (TIC)	1.974658%
Net Interest Cost (NIC)	2.009986%
All-In TIC	2.328188%
Average Coupon	2.256340%
Average Life (years)	8.691
Duration of Issue (years)	7.850
Par Amount	1,815,000.00
Bond Proceeds	1,866,564.20
Total Interest	355,909.38
Net Interest	317,050.18
Total Debt Service	2,170,909.38
Maximum Annual Debt Service	147,000.00
Average Annual Debt Service	142,354.71
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	7.000000
Total Underwriter's Discount	7.000000
Bid Price	102.141003

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	1,815,000.00	102.841	2.256%	8.691	1,323.95
	1,815,000.00			8.691	1,323.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,815,000.00	1,815,000.00	1,815,000.00
+ Accrued Interest			
+ Premium (Discount)	51,564.20	51,564.20	51,564.20
- Underwriter's Discount	(12,705.00)	(12,705.00)	
- Cost of Issuance Expense		(50,000.00)	
- Other Amounts			
Target Value	1,853,859.20	1,803,859.20	1,866,564.20
Target Date	09/01/2012	09/01/2012	09/01/2012
Yield	1.974658%	2.328188%	1.886901%

SOURCES AND USES OF FUNDS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Sources:	
Bond Proceeds:	
Par Amount	1,815,000.00
Premium	52,655.80
	1,867,655.80

Uses:	
Project Fund Deposits:	
Project Fund	1,800,000.00
Cost of Issuance:	
Other Cost of Issuance	50,000.00
Delivery Date Expenses:	
Underwriter's Discount	14,520.00
Other Uses of Funds:	
Additional Proceeds	3,135.80
	1,867,655.80

BOND DEBT SERVICE

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2013			33,131.25	33,131.25	
12/01/2013	65,000	2.000%	22,087.50	87,087.50	120,218.75
06/01/2014			21,437.50	21,437.50	
12/01/2014	75,000	2.000%	21,437.50	96,437.50	117,875.00
06/01/2015			20,687.50	20,687.50	
12/01/2015	75,000	2.000%	20,687.50	95,687.50	116,375.00
06/01/2016			19,937.50	19,937.50	
12/01/2016	80,000	2.000%	19,937.50	99,937.50	119,875.00
06/01/2017			19,137.50	19,137.50	
12/01/2017	80,000	2.000%	19,137.50	99,137.50	118,275.00
06/01/2018			18,337.50	18,337.50	
12/01/2018	80,000	2.000%	18,337.50	98,337.50	116,675.00
06/01/2019			17,537.50	17,537.50	
12/01/2019	85,000	2.000%	17,537.50	102,537.50	120,075.00
06/01/2020			16,687.50	16,687.50	
12/01/2020	85,000	2.000%	16,687.50	101,687.50	118,375.00
06/01/2021			15,837.50	15,837.50	
12/01/2021	85,000	2.000%	15,837.50	100,837.50	116,675.00
06/01/2022			14,987.50	14,987.50	
12/01/2022	90,000	2.250%	14,987.50	104,987.50	119,975.00
06/01/2023			13,975.00	13,975.00	
12/01/2023	90,000	2.250%	13,975.00	103,975.00	117,950.00
06/01/2024			12,962.50	12,962.50	
12/01/2024	95,000	2.250%	12,962.50	107,962.50	120,925.00
06/01/2025			11,893.75	11,893.75	
12/01/2025	95,000	2.500%	11,893.75	106,893.75	118,787.50
06/01/2026			10,706.25	10,706.25	
12/01/2026	95,000	2.500%	10,706.25	105,706.25	116,412.50
06/01/2027			9,518.75	9,518.75	
12/01/2027	100,000	2.500%	9,518.75	109,518.75	119,037.50
06/01/2028			8,268.75	8,268.75	
12/01/2028	100,000	3.000%	8,268.75	108,268.75	116,537.50
06/01/2029			6,768.75	6,768.75	
12/01/2029	105,000	3.000%	6,768.75	111,768.75	118,537.50
06/01/2030			5,193.75	5,193.75	
12/01/2030	110,000	3.000%	5,193.75	115,193.75	120,387.50
06/01/2031			3,543.75	3,543.75	
12/01/2031	110,000	3.150%	3,543.75	113,543.75	117,087.50
06/01/2032			1,811.25	1,811.25	
12/01/2032	115,000	3.150%	1,811.25	116,811.25	118,622.50
	1,815,000		553,678.75	2,368,678.75	2,368,678.75

BOND PRICING

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	12/01/2013	65,000	2.000%	0.350%	102.055		1,335.75
	12/01/2014	75,000	2.000%	0.460%	103.442		2,581.50
	12/01/2015	75,000	2.000%	0.600%	104.498		3,373.50
	12/01/2016	80,000	2.000%	0.740%	105.261		4,208.80
	12/01/2017	80,000	2.000%	0.910%	105.575		4,460.00
	12/01/2018	80,000	2.000%	1.110%	105.358		4,286.40
	12/01/2019	85,000	2.000%	1.300%	104.827		4,102.95
	12/01/2020	85,000	2.000%	1.530%	103.628		3,083.80
	12/01/2021	85,000	2.000%	1.750%	102.125		1,806.25
	12/01/2022	90,000	2.250%	1.910%	103.150		2,835.00
	12/01/2023	90,000	2.250%	2.070%	101.653 C	2.084%	1,487.70
	12/01/2024	95,000	2.250%	2.200%	100.455 C	2.207%	432.25
	12/01/2025	95,000	2.500%	2.320%	101.631 C	2.356%	1,549.45
	12/01/2026	95,000	2.500%	2.420%	100.720 C	2.440%	684.00
	12/01/2027	100,000	2.500%	2.500%	100.000		
	12/01/2028	100,000	3.000%	2.580%	103.759 C	2.712%	3,759.00
	12/01/2029	105,000	3.000%	2.660%	103.030 C	2.778%	3,181.50
	12/01/2030	110,000	3.000%	2.720%	102.487 C	2.824%	2,735.70
	12/01/2031	110,000	3.150%	2.780%	103.277 C	2.926%	3,604.70
	12/01/2032	115,000	3.150%	2.840%	102.737 C	2.969%	3,147.55
		1,815,000					52,655.80

Dated Date	09/01/2012	
Delivery Date	09/01/2012	
First Coupon	06/01/2013	
Par Amount	1,815,000.00	
Premium	52,655.80	
Production	1,867,655.80	102.901146%
Underwriter's Discount	(14,520.00)	(0.800000%)
Purchase Price	1,853,135.80	102.101146%
Accrued Interest		
Net Proceeds	1,853,135.80	

BOND SUMMARY STATISTICS

St. Louis County, Minnesota
Proposed General Obligation Bonds - 20 Years
(Arrowhead Regional Corrections)
Based on Current Market Rates - May 11, 2012

Dated Date	09/01/2012
Delivery Date	09/01/2012
Last Maturity	12/01/2032
Arbitrage Yield	2.198336%
True Interest Cost (TIC)	2.400187%
Net Interest Cost (NIC)	2.456868%
All-In TIC	2.681608%
Average Coupon	2.638607%
Average Life (years)	11.561
Duration of Issue (years)	9.889
Par Amount	1,815,000.00
Bond Proceeds	1,867,655.80
Total Interest	553,678.75
Net Interest	515,542.95
Total Debt Service	2,368,678.75
Maximum Annual Debt Service	120,925.00
Average Annual Debt Service	116,971.79
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	8.000000
Total Underwriter's Discount	8.000000
Bid Price	102.101146

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	1,815,000.00	102.901	2.639%	11.561	1,420.75
	1,815,000.00			11.561	1,420.75

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,815,000.00	1,815,000.00	1,815,000.00
+ Accrued Interest			
+ Premium (Discount)	52,655.80	52,655.80	52,655.80
- Underwriter's Discount	(14,520.00)	(14,520.00)	
- Cost of Issuance Expense		(50,000.00)	
- Other Amounts			
Target Value	1,853,135.80	1,803,135.80	1,867,655.80
Target Date	09/01/2012	09/01/2012	09/01/2012
Yield	2.400187%	2.681608%	2.198336%