I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE
   A. Roll Call
      The meeting was called to order by Commissioner Steve Bauer, Chairperson. Members present were: Gillen, Docken, Malecha, Miller and Bauer.

II. OUTSIDE AGENCY: MICA
   A. MICA Presentation

III. PROPERTY TAX & ELECTIONS: Annette Peters
   A. Discussion of the Petition for the Creation of Circle Lake Improvement District

IV. ADJOURNMENT
AGENDA DATE: October 2, 2018

REQUEST BY: Sara Folsted, Administration

STATE ITEM OF BUSINESS:
MICA Presentation

BACKGROUND:
Keith Carlson, Nancy Silesky, Steve Novak and Ryan Erdmann will be presenting.

FISCAL IMPACT:

COUNTY BOARD ACTION REQUESTED:

Reviewed with additional material provided: ✓ Approved
County Administrator
MICA End of Session Presentation
Rice County
October 2, 2018

2018 Legislative Session: Short of Accomplishments Long on Conflict & Vetoes
Legislature Was 1 for 3 on Major Bills

• Legislature’s Major Agenda was:
  1. Enact a Tax Bill conforming to recent federal changes
  2. Enact a Supplemental Budget Bill
  3. Enact a Bonding Bill

• It failed on all but #3 - it did enact a bonding bill.

• But both the Supplemental Budget Bill and Tax Bill were vetoed. The later twice!
Legislature Was 1 for 3 on Major Bills (cont’d.)

• As a result of no Tax Bill, both individuals and corporations will have to compute their 2018 taxes under the “old” law adding complications to the preparation of their tax returns. However, for individuals that largely would have been the case even if a tax bill had passed.

• As the result of no Supplemental Budget bill, numerous policy provisions within it including relaxation of environmental rules and regulations and making some human services changes, the later supported by MICA and AMC, did not become law.
Bonding Bill Provides Needed Funding; But Transportation Funding Comes up Short

- Bonding Bill authorized $825 million of GO bonds, $178 million of appropriation bonds and $416 million of Trunk Highway bonds

- $545 million was for transportation-related projects
  - But $400 million for Corridors to Commerce delayed until SFY 2022 to 2024
  - And $103 million earmarked leaving only $35 million for LRIP & $5 million of Local Bridge Replacement & Rehab

- Constitutional amendment dedicating sales tax on auto parts to highways was never voted on in Senate

- Mental health crisis centers - $30 million; Housing for persons with behavioral health needs - $30 million
Much of MNLARS Funding Needs Go Unaddressed

• While the Legislature provided $10 million of the $43 million requested to fix MNLARS early in the session, the remaining $33 million went begging. The Legislature was willing to only appropriate another $15 million and the Governor vetoed that.

• Also left unaddressed was reimbursement to deputy registrars for lost business and increased workload due the MNLARS’ problems. $9 million was appropriated for this purpose by the Legislature but vetoed by the Governor for not being done in combination with providing additional MNLARS funding.
Of Governor’s 16 Vetoes, 6 Were Bills or Line Items on Environmental Regulation

- Vetoed bills or line items included:
  - Changes in sulfide standards
  - Legislative approval of water pollution fees
  - Changes in pipeline routing procedures
  - Changes in the external peer review of water quality standards
  - A grant to a higher education institution to review water quality regulations and permits
  - Relaxation of fertilizer application restrictions
    - The later was still accomplished by the action of the House and Senate Ag Committees to delay the rule until after 2019 session
Good News is Healthy Balance Left on Bottom Line; Bad News is It Will Be Needed for MNCare and MA

- $419 million for next biennium w/o adjusting spending for inflation. $348 million of revenues in excess of forecast to date will likely add to this.
- General Fund spending inflation - $1.22 billion
- Health Care Access Fund (HCAF) near bankruptcy on 6/30/2021 adds to financial challenges because of 12/31/19 sunset of 2% provider tax. HCAF pays for:
  - Non-federal share of MNCare of $118 million
  - $1.003 billion for MA, and
  - $146 million for DHS and Dept. of Health
Legislature Cannot Politically Finesse Its Way Out of MA Funding Challenges

- Adding Work Requirements costs the state, $9.9 million-SFY 2020/21, and particularly counties, $284 million-CY 2020 and 2021
- Totally eliminating Adults without Children still leaves a $300 million/year funding gap
June 6, 2018

Dear MICA Members and Other Interested Parties:

The following 2018 End of Session Report is our annual overview of legislative changes. The report is not meant to be comprehensive but rather give a broad-brush view of the various policy areas of concern to counties. In some instances, more comprehensive summaries have been shared with your staffs. In other instances, we can readily provide or steer you or your staff to any more detailed summaries you may desire.

I hope you find MICA’s 2018 End of Session Report useful. If you have any questions or need more details about a particular item, please do not hesitate to contact our office.

Sincerely,

Keith E. Carlson
Executive Director
Minnesota Inter-County Association
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KEITHC@MICA.ORG

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PHONE: 763-458-8232  
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HEALTH AND HUMAN SERVICES LIAISON: NANCY SILESKY  
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PUBLIC SAFETY AND CORRECTIONS LIAISON: RYAN ERDMANN  
PHONE: 651-789-4345  
ERDMANN@MNCOUNTIES.ORG
TAX BILL VETOED - TWICE!

ATTEMPTS TO CONFORM TO RECENT FEDERAL TAX CHANGES FAIL

Both HF 4385 and HF 947, the omnibus tax bills, containing in large part the Legislature’s attempts to conform the state’s corporate and individual income taxes to recent federal tax changes were vetoed by the governor because of the bills’ costs and their failure to provide more tax relief to low and moderate income as the Governor’s proposal did.

For both individuals and corporations, this means their 2018 taxes will have to be computed under the “old” law adding complications to the preparation of their tax returns. However, for individuals that largely would have been the case with or without the enactment of the HF 4385 or HF 947. Particularly in the case of the later of the two bills passed by the Legislature, HF 947, almost all the “old” itemized deductions, personal exemptions and standard deductions were retained. Without the bills’ enactment, individuals will effectively compute their 2018 tax in exactly the same manner – utilizing all the “old” itemized deductions, standard deductions and personal exemptions with one exception – if an individual claims the new, higher federal standard deduction on their federal return, they must claim the “old” lower standard deduction on their state return. An estimated 300,000 taxpayers who otherwise would have itemized deductions on their state return will pay higher state taxes as a result. It is possible this interpretation by the Department of Revenue may be challenged under the MN Supreme Court Wallace decision that provides a change in the federal tax code cannot change Minnesota tax law without explicit action by the MN Legislature to adopt that change.

PROVISIONS AFFECTING COUNTIES IN THE VETOED TAX BILLS

The vetoed tax bills contained a number of items affecting counties including:

- Reinstatement of the practice of many assessors of allocating the homestead exclusion and lower homestead classification bracket for properties with multiple owners on the basis of the resident owner’s percentage of ownership rather than on the basis the ratio of the resident owner to all the owners,
- Expansion of the situations in which trusts, corporate or other ownership entities can qualify for the homestead agricultural classification or homestead resort classification
- Adding “Craft Houses” (where customers come and engage in various crafts while staying at the residence) to the seasonal recreational residential or resort classification,
- Expanding the veterans exclusion to a home purchased by the veteran’s surviving spouse if it’s equal to or lesser in value than the prior home where he or she resided with the qualifying veteran, and
- A report on pipeline and utility valuations and court and administrative appeals of those valuations.

CH. 214
FISCAL NOTES WILL TRANSITION TO THE NEW LEGISLATIVE BUDGET OFFICE

A Legislative Budget Office will assume the Department of Management and Budget’s (MMB) current role of coordinating the preparation of fiscal notes September 1, 2019. (The office will assume MMB’s duty to prepare local impact notes effective January 8, 2019 under current law.)
In 2018 after meeting its obligations to fund the taconite homestead credit and other miscellaneous distributions, an amount equal to $.10 per ton of taxable production of any remaining balance in the taconite tax relief account is transferred to the IRRRB.

**WHAT DIDN’T HAPPEN**

- No reverse referendum on lease purchase arrangements
- No requirement that bond referendums occur on the general election date
- No requirement that the debt service levy for voter-authorized-debt be extended against referendum market value
- No consolidation of the residential classes lowering the class rate on the first $500,000 of value of duplexes and triplexes from 1.25% to 1%
- No date changes affecting property tax administration
- No levy limits or reverse referendums on levy increases
- No changes in county program aid or any property tax credits
The 2018 Legislative Session ended at midnight, May 20th. Final legislative action occurred on a massive supplemental budget bill and a tax bill, but both were quickly vetoed. An important bonding bill, HF 4425, was passed, which Governor Dayton signed with one minor line-item veto. The amount of Local Road and Bridge money was disappointing, but the overall amount of transportation funding was noteworthy. The following are the bonding bill highlights. The grand total for transportation is $541 million but $400 million of that is delayed until SFY 2022 to 2024.

<table>
<thead>
<tr>
<th>PURPOSE</th>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>Total</td>
<td>$543,980</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total General Obligation &amp; State Transportation Fund Bonds</strong></td>
<td></td>
<td>$125,790</td>
</tr>
<tr>
<td><strong>Total Trunk Highway Fund (Bonds and Direct Appropriations)</strong></td>
<td></td>
<td>$416,340</td>
</tr>
<tr>
<td>Local Road Improvement Fund Grants</td>
<td>TF</td>
<td>$78,600</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Local Road Improvement Program (non-earmarked)</strong></td>
<td></td>
<td>$35,000</td>
</tr>
<tr>
<td><strong>Anoka County - Thurston Boulevard</strong></td>
<td></td>
<td>$15,000</td>
</tr>
<tr>
<td><strong>City of Dayton - Brockton Interchange</strong></td>
<td></td>
<td>$13,500</td>
</tr>
<tr>
<td><strong>Carver County - Highway 101</strong></td>
<td></td>
<td>$9,000</td>
</tr>
<tr>
<td><strong>City of Inver Grove Heights - Argenta Trail 70th Street Expansion</strong></td>
<td></td>
<td>$6,100</td>
</tr>
<tr>
<td>Local Bridge Replacement Program</td>
<td>TF</td>
<td>$5,000</td>
</tr>
<tr>
<td>Port Development Assistance Program</td>
<td>GO</td>
<td>$5,200</td>
</tr>
<tr>
<td>Safe Routes to School</td>
<td>GO</td>
<td>$1,000</td>
</tr>
<tr>
<td>Stone Arch Bridge</td>
<td>GO</td>
<td>$1,000</td>
</tr>
<tr>
<td>Corridors of Commerce*</td>
<td>THB</td>
<td>$400,000</td>
</tr>
<tr>
<td>Brooklyn Park - Highway 169/101st Ave Interchange</td>
<td>TF</td>
<td>$4,000</td>
</tr>
<tr>
<td>Chisago County - Highway 8 Reconstruction</td>
<td>TF</td>
<td>$3,000</td>
</tr>
</tbody>
</table>
## PURPOSE

<table>
<thead>
<tr>
<th>PROJECT DESCRIPTION</th>
<th>FUND</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation - Continued</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foley - Highway 23 Safety Improvements (GO)</td>
<td>GO</td>
<td>200</td>
</tr>
<tr>
<td>Foley - Highway 23 Safety Improvements (GF)</td>
<td>GF</td>
<td>300</td>
</tr>
<tr>
<td>Hennepin County - CSAH 9 (Rockford Road) &amp; I-494 (GO Bonds)</td>
<td>TF</td>
<td>4,860</td>
</tr>
<tr>
<td>Hennepin County-CSAH 9 (Rockford Road) &amp; I-494 (Trunk Hwy Bonds)</td>
<td>THB</td>
<td>4,860</td>
</tr>
<tr>
<td>City of Mankato - Highway 169 Levee Reconstruction</td>
<td>THB</td>
<td>830</td>
</tr>
<tr>
<td>Pope County (Glenwood) - TH 55 &amp; TH 29 Interchange &amp; Rail Grade Separation</td>
<td>THB</td>
<td>10,500</td>
</tr>
<tr>
<td>City of Wadena - Highway 10 Environmental Cleanup</td>
<td>TF</td>
<td>5,000</td>
</tr>
<tr>
<td>City of Becker - Industrial Park Improvements</td>
<td>GO</td>
<td>3,300</td>
</tr>
<tr>
<td>Town of Wakefield - Wakefield/Luxembourg 200th Street</td>
<td>TF</td>
<td>600</td>
</tr>
<tr>
<td>City of Rochester - Bus Garage</td>
<td>GO</td>
<td>2,500</td>
</tr>
<tr>
<td>City of Goodview - Goodview/Minnesota City Railroad Crossing Quiet Zone</td>
<td>GO</td>
<td>330</td>
</tr>
<tr>
<td>Cities of Loretto/Medina/Wayzata - Rail Crossing Safety Improvements</td>
<td>GO</td>
<td>1,200</td>
</tr>
<tr>
<td>Minnesota Commercial Railway Company - Rice Creek Bridge (GO)</td>
<td>GO</td>
<td>1,000</td>
</tr>
<tr>
<td>Minnesota Commercial Railway Company - Rice Creek Bridge</td>
<td>MRSI</td>
<td>550</td>
</tr>
<tr>
<td>Minnesota Valley Regional Rail Authority</td>
<td>MRSI</td>
<td>1,000</td>
</tr>
<tr>
<td>City of Moorhead - 21st Street South Rail Grade Separation</td>
<td>GO</td>
<td>6,000</td>
</tr>
<tr>
<td>City of Rosemount - Bonaire Path Railroad Quiet Zone</td>
<td>GO</td>
<td>1,000</td>
</tr>
<tr>
<td>Ramsey Boulevard Rail Grade Separation</td>
<td>TF</td>
<td>2,000</td>
</tr>
<tr>
<td>Trunk Highway Fund Debt Service</td>
<td>THF</td>
<td>150</td>
</tr>
<tr>
<td>Note: Bill appropriates $150M in FY22, $150M in FY23, and $100M in FY24 for Corridors of Commerce. MRSI loan to grant conversion results in ($235) in MRSI revenue.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## DEED - Transportation Economic Development Program

| DEED - Transportation Economic Development Program | GO | 1,000 |

## Board of Water and Soil Resources

<table>
<thead>
<tr>
<th>Board of Water and Soil Resources</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Government Roads Wetland Replacement</td>
<td>GO</td>
<td>6,700</td>
</tr>
</tbody>
</table>
Department of Education

| Library Grants | GO | 1,000 |

DNR/Natural Resources

| Chester Woods Trail | GO | 2,500 |
| Mill Town Trail | GO | 500 |
| Lake Zumbro Sedimentation Removal | GO | 640 |
| Mesabi Trail | GO | 1,138 |
| City of Waite Park Quarry Redevelopment | GO | 5,000 |
| Elk River Lake Orono | GO | 1,500 |
| Seidles Lake Inver Grove Heights | GO | 781 |
| RIM | ENRTF | 10,000 |
| Metro Parks | ENRTF | 10,000 |

Zoos

| MN Zoo Asset Preservation | GO | 6,000 |
| Duluth Zoo | GO | 1,900 |

Armories

| Brainerd Readiness Center | GO | 4,143 |
| St. Cloud Readiness Center | GO | 4,450 |

Public Safety/Training Centers

| City of Cottage Grove HERO Center | GO | 9,500 |
| Dakota County SMART Center | GO | 6,200 |

Department of Human Services/Mental Health Facilities

| Mental Health Crisis Centers | GO | 28,100 |
| Scott County Crisis Center | GO | 1,900 |
| City of Rosemount Family Resource Center | GO | 450 |
| Fergus Falls Regional Treatment Center Demolition | GO | 3,500 |
| Housing Infrastructure - Persons with Behavioral Health Needs | APPROP | 30,000 |

Hennepin County Medical Examiner

| GO | 15,073 |

It should be noted the bonding or capital budget bill includes appropriations for the Environmental and Natural Resources Trust Fund (ENRTF) funded by a portion of the lottery proceeds. In an unusual move to get around the self-imposed $825 million GO bonding cap, the bill authorizes issuing appropriation bonds serviced by the trust fund. There is a problem with this because the bonds will have a term of up to 20 years, but the fund expires at the end on 2024, the expiration of the constitutional amendment authorizing the fund, leaving the source for debt service funding in subsequent years in question.
CHAPTER 101

MNLARS

H.F. 3724, S.F. 3133 Minnesota licensing and registration system (MNLARS) legislative auditor information technology auditor appointment requirement; MNLARS steering committee establishment; appropriation. Signed by Governor Dayton on 3/22/18.

CHAPTER 108

Memorial Highway Designation


CHAPTER 122

Motorcycle Operating Requirements


CHAPTER 135

Vehicle Registration

H.F. 1876, S.F. 1696 Vehicle registration information trade association access authorization. Signed by Governor Dayton on 5/14/18.

CHAPTER 133

Biodiesel Content

H.F. 3523, S.F. 3596 Minimum biodiesel content level for diesel fuel modification at certain times; number 1 diesel exemption extension. Signed by Governor Dayton on 5/14/18.

CHAPTER 165

Mowing Permits

H.F. 4008, S.F. 3569 Moratorium on permits to mow or hay trunk highway rights-of-way establishment. Presented to Governor Dayton on 5/16/18.

CHAPTER 159

Passing Emergency Vehicles


CHAPTER 171

Load Securement, Sugar Beet Transport, Ag Transport Hours of Service

H.F. 3548, H.F. 3405 Motor vehicle load securement requirements modification; sugar beet transportation release of water authorization; agricultural transportation hours of service requirements modification. Presented to Governor Dayton on 5/16/18.

CHAPTER 184

Motor Carrier Tariff Filing


TRANSPORTATION RELATED BILLS VETOED BY GOVERNOR DAYTON

<table>
<thead>
<tr>
<th>House File</th>
<th>Senate File</th>
<th>Description</th>
<th>Presented</th>
<th>Vetoed</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.F. 390</td>
<td>S.F. 676</td>
<td>Penalties for obstructing trunk highway, airport, or transit traffic increased</td>
<td>5/16/18</td>
<td>5/19/18</td>
</tr>
<tr>
<td>H.F. 2835</td>
<td>S.F. 3836</td>
<td>Deputy registrars reimbursement grants appropriation</td>
<td>5/16/18</td>
<td>5/19/18</td>
</tr>
<tr>
<td>H.F. 3273</td>
<td>S.F. 2809</td>
<td>Metropolitan council governance modification and transportation advisory board elimination; transportation technical advisory committee establishment</td>
<td>5/19/18</td>
<td>5/21/18</td>
</tr>
<tr>
<td>H.F. 4099</td>
<td>S.F. 3656</td>
<td>Omnibus supplemental budget bill</td>
<td>5/21/18</td>
<td>5/23/18</td>
</tr>
</tbody>
</table>
IMPORTANT ITEMS OF INTEREST

- Local Road and Bridge Funding
  - Slight progress continued on last year’s money. $35 million (unrestricted) for local roads with $5 million for local bridges.
- Local Road Wetland Replacement Program
  - House and Senate both passed bonding bills with $5 million in Wetland Replacement dollars. They were convinced to increase the amount to $6.7 million but that is still far less than the $16.3 million total requested.
- Constitutional Amendment bill related to Sales tax on Auto Parts
  - After much behind the scenes discussion and organizational activity on both sides the bill passed the House and was not acted on by the full Senate.
- Metro Council Governance Reform
- Significant hearings with much testimony in the House and Senate. Passed both Houses with some bipartisan support but was vetoed by the Governor.

- Ditch Mowing/Haying
  - After several public hearings in the past year which included all interested parties there were many differences in approach which were identified. Comprehensive solutions are difficult to find. As a result, the bill which passed will extend the moratorium for another year.
- Truck Weights
  - Detailed committee hearings on the issue of exemptions for septic tank trucks were held. The bill was included in the Supplemental Budget Bill which was vetoed.
- Corridors of Commerce
  - This popular program continues to expand. The $400 million in Trunk Highway Bonds will be allocated as follows:
    - $150 million in FY2022 and FY2023
    - $100 million in FY2024

WHAT DID NOT HAPPEN

- Constitutional Amendment bill related to Sales tax on Auto Parts
  - After much behind the scenes discussion and organizational activity on both sides, the bill passed the House and was not acted on by the full Senate.
- Northstar Commuter Rail Extension to St. Cloud
  - A proposal to extend daily commuter rail service from St. Cloud to Minneapolis funded by cutting the frequency of existing service from Big Lake was included in the Supplemental Budget Bill which was vetoed.
- Truck Weights
  - Detailed committee hearings on the issue of exemptions for septic tank trucks were held. The bill was included in the Supplemental Budget Bill which was vetoed.
- Metro Council Governance Reform
  - Significant hearings with much testimony in the House and Senate. Passed both Houses with some bipartisan support but was vetoed by the Governor.
- Retainage on public contracts eliminated after substantial completion of construction project
  - A bill that would have eliminated the up to 5% retainage on progress payments for public construction projects after the projects were substantially complete failed to pass out of committee in the Senate after passing to the floor in the House.
2018 LEGISLATIVE SESSION REPORT
HEALTH & HUMAN SERVICES

INTRODUCTION:
The Legislature convened on Tuesday, February 20 and adjourned sine die at midnight on Sunday, May 21, officially putting an end to the 90th legislative session. Capping off a busy week, the Legislature sent three major finance bills to Governor Mark Dayton: (1) an Omnibus Supplemental Budget Bill (SF3656); (2) a second Omnibus Tax Bill (HF947); and (3) a Capital Investment (Bonding) Bill (HF4425).

Just three days after the end of the 2018 legislative session, Governor Dayton followed through on his promise to veto the major work of this year’s legislative session, taking down a tax bill with money for public schools, as well as a massive spending and policy measure. He had promised the vetoes in the hours leading up to the end of session, but Republicans had been urging the DFL Governor to reconsider.

Governor Dayton has repeatedly stated that he will not call the Legislature into Special Session.

BONDING
One Wednesday, May 30, 2018, Governor Dayton put his signature to a public works package that will spend $1.5 billion on projects from road construction to college campus repairs. The state will borrow $825 million of that total.

The package was the single largest agreement between Dayton and the GOP-controlled Legislature during a tumultuous session that saw Dayton torpedo tax and budget bills that included the main work of the Legislature.

Dayton removed only one provision from the projects bill using his line-item veto power, $1 million for analyzing Minnesota Pollution Control Agency water regulations, which Dayton called "an unnecessary layer of bureaucracy."

Overall, though, the governor, made it clear he was not pleased by the bill he was signing, arguing and that the Legislature should have agreed to spend more.

HF4425 (chapter 214), championed by Senator Dave Senjem (R-Rochester) and Representative Dean Urdahl (R-Grove City), includes significant mental health funding, a priority for counties:

- Mental Health Crisis Centers $28.1 million
- Scott County Crisis Center $ 1.9 million
- MHFA Housing Infrastructure for Persons with Behavioral Health Needs $30 million

Other:
- School Safety Grants $25 million
- Safe Routes to Schools $ 5.2 million
- Fergus Falls Regional Treatment Center Demolition $ 3.5 million

PERIODIC DATA MATCHING DELAY
During session, DHS announced that testing of Periodic Data Matching functionality had uncovered two software defects which need to be resolved before PDM can be fully deployed and data matching processes can begin. Based on current release schedules, these defects are planned to be resolved by July 15, 2018. The selection of cases for PDM is now expected to begin in late July.

DHS indicated that they had heard from counties regarding concerns about the rollout of PDM functionality and the impact that PDM will have on their workloads. Staff from MN.IT Services and DHS will continue to work with counties and MNsure through the METS governance structure to explore options for piloting PDM functionality and to assess what other METS functions could be delayed if a pilot is pursued.
The bill would have spent approximately $76 million this year, primarily on education, health and human services, public safety and broadband, plus another $58 million on transportation - primarily for roads and bridges. Prior to taking final action, Governor Dayton sent conferees a list of 117 objections he had with the bill. The conference committee did change or delete 71 of the 117 items.

Several MICA priorities had been included in the bill:

- **Hospitalization Criteria:** $250K (FY18-19); $500K (FY20-21). Would have created an appeals process related to the 100% cost share that counties pay when a person no longer meets medical criteria at AMRTC and CBHHS. Our language was pared down considerably to address the fiscal implications in a non-budget year. We plan to work with our authors over the interim on this issue, as well as several of the other measures in the legislation as originally introduced, including proper notification of a client’s readiness for discharge; a standardized wait list process; and State responsibility for payment when the delay of discharge from one State-operated facility to another is due to the State not having the resources.

- **Data Sharing Between Sheriff and Social Services:** Would have allowed for the limited exchange of information between the sheriff and social services for the purposes of arranging for services for the client upon discharge from jail.

- **Yellow Line Project:** Would have modified 2017 legislation. Would have added an alcohol and drug counselor, as well as a recovery peer, working under the supervision of an alcohol and drug counselor, to the list of professionals who would have been able to provide the care coordination. Also, would have expanded the original legislation to include American Indian Tribes’ ability to provide the service. When the legislation was originally passed, the county was responsible for the non-federal share. Under the 2018 legislation, the State would have picked up the non-federal share.

- **Telemedicine:** Would have provided an exemption to the MA limit on telemedicine services for the treatment and control of tuberculosis. Also, would have added community paramedics as providers.

- **MnCHoICES:** Language was included, which was aimed at increasing efficiencies in the MnCHoices assessment system. Would have provided important benchmarks against which counties and the State could begin to accurately measure pressure points within the assessment process and would have developed strategies to reduce client and caseworker time, save money and support a more person-centered system.

- **Funding for Project Legacy:** Would have provided $200K (FY18-19). Located in Olmsted County, Project Legacy was founded ten years ago to provide intensive support and opportunities to youth of color living in generational poverty. It has evolved from a grass-roots program serving a handful of youth to what is today one of the largest programs in Rochester serving a population that is underserved by other programs. In partnership with Olmsted County Social Services, Workforce Development Inc, Community Corrections and the business community, Project Legacy provides intensive long-term supports, including educational assistance, food, shelter, clothing, medical and dental care, and chemical dependency counseling. Untreated trauma is addressed through group-therapy that is co-facilitated by Mayo doctors. More than 100 youth are currently being served; one-third of these youth are attending college.

- **Statewide Tobacco Cessation:** Would have provided statewide cessation services to help Minnesotans quit using tobacco products; (-$291K) (FY18-19); (-$4.5 m) (FY20-21); would have been funded from the Statewide Health Improvement Program (SHIP).

- **Technology:** Would have required MN.IT to provide opportunities for local units of government to weigh in before new software is developed in which the local unit of government will be primary users. Opportunities would have been provided for involvement in user acceptance testing.

- **Results First:** During the conference committee process, we prevailed in convincing the
Legislature NOT to transfer evaluation duties from MMB to the new Legislative Budget Office.

**Other Highlights of Vetoed Budget Bill**

- **Transfers from Various DHS Accounts:** Would have transferred $18.6 million from DHS accounts to pay for various measures.

- **Eligibility Verification:** DHS would have been required to contract with a vendor to ensure participants’ eligibility in MA, MinnesotaCare, CCAP and SNAP.

- **Opioids:** Among the provisions in the omnibus bill was $16 million from the State treasury for opioid prevention and treatment programs. This is less than what a bipartisan group of lawmakers had originally sought to raise with a "penny-a-pill" tax or an "opioid stewardship fee" on pharmaceutical companies, neither of which made it into the final bill. Would have provided:
  - funding for St. Gabriel’s (Little Falls) for opioid addiction prevention;
  - enhancements to the Prescription Monitoring Program to prevent doctor shopping and over-prescribing;
  - a prescribing limit to reduce the number of pills on the street; and
  - resources for first-responders dealing with overdoses.

- **Elder Care:** Also tucked into the omnibus bill was a series of reforms to the State’s regulation of elder care facilities, after revelations in recent months of widespread elder abuse in Minnesota nursing homes. $2.5 m (FY18-19); $2.7 m (FY20-21).

- **School Safety:** Would have provided funding for School Resource Officer Training Grants, Safety Assessment Grants and Suicide Prevention Training for Teachers.

- **Disability Waiver Rate System (DWRS):** Recent CMS action has providers concerned that their rates for waivered services would be reduced by 7%. Sponsored by the Best Life Alliance, the vetoed budget bill included funding to prevent the cut to people caring for Minnesota’s disabled community through the Disability Waiver Rate System.

- **Nonemergency Medical Transportation (NEMT):**
  - DHS would have contracted with a vendor or dedicate staff for oversight of providers;
  - terminated NEMT providers would not have been eligible to enroll as a provider for five years following termination; and
  - DHS would have been required to make training materials and other information available to providers and drivers.

- **Person-Centered Telepresence Platform Expansion Work Group:** Would have required DHS to convene the group to explore opportunities to collaborate and expand strategies for person-centered innovation using Internet telepresence in delivering health and human services, as well as related educational and correctional services.

- **Rare Disease:** Would have established a Rare Disease Council at the University of Minnesota.

- **Suicide Prevention Services:** Would have appropriated $969K(FY18-19) to a nonprofit for telephone counseling services to people in suicidal crisis or emotional distress.

- **School-Linked Mental Health:** Would have allocated an additional $5 million for school-linked mental health grants.

- **Chemical Health Providers:** Would have increased CD provider rates by 1.7%.

- **Would Have Refinanced CCDTF Operations.**

- **Independent State Agency to Address Fraud in DHS and MDH Programs:** The proposal came in light of recent reports highlighting various types of fraud and oversight failures within DHS and MDH, including:
  - fraudulent payments from the Child Care Assistance Program (CCAP);
  - fraudulent payments to fake Personal Care Assistants (PCAs);
  - fraudulent MA benefits to people who are ineligible; and
  - over 20,000 elder abuse complaints that went uninvestigated for months.

  It would have directed DHS and MDH to create a plan for the new department to house several oversight functions currently housed in those agencies, including the Office of Inspector General, the Minnesota Adult Abuse Reporting Center (MAARC) and the Office of Health Facility Complaints (OHFC).
STAND-ALONE BILLS THAT PASSED

Child Care:

- **SF2685** (Franson; R-Alexandria/Lang; R-Olivia) addresses “Positive Supports” strategies. Chapter 163; signed by Governor Dayton on May 19, 2018.

- **HF3015** (Carla Nelson; R-Rochester/Quam; R-Byron): Current law requires licensed family child care providers and child care centers to post a correction order or order of conditional license in a visible place in the facility for two years, with some exceptions. Proponents argue that because the correction orders are already posted online, posting physical copies is duplicative. Chapter 153; signed by Governor Dayton on May 19, 2018.

- **SF2683** (Albright; R-Prior Lake/Kiffmeyer; R-Big Lake), which modifies background study provisions. Under the bill, minors, aged 12 to 17, who are family members of a child care provider, would be exempted from a national criminal history record check. Chapter 166; signed by Governor Dayton on May 19, 2018.

- **SF3310** (Roz Peterson; R-Lakeville/Weber; R-Luverne) would make changes to provisions relating to child care staff variances, child care license holder insurance requirements and licensing investigations. The bill also would require the Commissioner of Human Services to take steps related to child care licensing reform and includes language relating to safe sleeping practices.

  During the debate, Representative Mary Franson addressed recent news reports that allege child care payments to day care centers were being fraudulently diverted. She added language that states that, within existing appropriations, the Commissioner shall provide training to county and private licensing agencies on identifying and preventing fraud relating to provider reimbursement in the child care assistance program, by December 31, 2019. Chapter 200; signed by Governor Dayton on May 29, 2018.

- **Child Foster Care:** A conference committee resolved the differences in **HF3265** (Kresha; R-Little Falls/Relph; R-St. Cloud). Due to push back from the House, the committee made the decision to NOT include the repeal of the 20% withhold for counties not meeting certain child protection performance measures. The new law: (1) requires foster care license holders to complete at least one hour of training on fetal alcohol spectrum disorders; (2) requires DHS, in consultation with representatives from communities of color, to review and revise the Minnesota Assessment of Parenting for Children and Youth (MAPCY) tool and incorporate changes that take into consideration different cultures and the diverse needs of communities of color; and (3) provides for a Foster Care Sibling Bill of Rights. Chapter 188; signed by Governor Dayton on May 20, 2018.

- **IRTS:** **HF2945** (Peterson; R-Lakeville/Utke; R-Park Rapids): Modifies Intensive Residential Treatment Service provider entities and Crisis Stabilization Services requirements. Chapter 151; signed by Governor Dayton on May 19, 2018.

- **Safe at Home Program:** **HF3551** (Lohmer; R-Stillwater/Relph; R-St. Cloud); chapter 109; signed by Governor Dayton on May 3, 2018.

- **Child Support Modification Presumptions Modified:** **HF3389** (Scott; R-Andover/Kiffmeyer; R-Big Lake); chapter 118; signed by Governor Dayton on May 8, 2018.

- **Commission of Deaf, DeafBlind, and Hard-of-Hearing Modified:** **SF2777** (Pugh; R-Chanhassen/Westrom; R-Elbow Lake); chapter 121; signed by Governor Dayton on May 8, 2018.

- **Joint Petitions for Custody and Parenting Time Allowed to be Filed in Legal Separations and by Unmarried Parents:** **HF3295** (Scott; R-Andover/Kiffmeyer; R-Big Lake); chapter 127; signed by Governor Dayton on May 11, 2018.

- **Mental Health Provider Provisions Modified:** **SF3066** (Albright; R-Prior Lake/Rosen; R-Vernon Center); chapter 128; signed by Governor Dayton on May 11, 2018.

- **Collection of Information on the Connection Between Pornography and Sex Trafficking Required and Authorized Penalty Assessment Expanded to Include Additional Crimes:** **SF2554** (Lohmer; R-Stillwater/Benson; R-Ham Lake) chapter 144; signed by Governor Dayton on May 17, 2018.

- **Birth Defect Information System Changes:** **HF3689** (Kiel; R-Crookston/Abeler; R-Anoka); chapter 152; signed by Governor Dayton on May 19, 2018.
- Financial Exploitation Protections Provided for Older and Vulnerable Adults; HF3833
  (Schomacker; R-Luverne/Housley; R-St. Mary’s Point); chapter 161; signed by Governor Dayton on May 19, 2018.

- Traumatic Brain Injury Advisory Committee, the American Indian Advisory Council, the Formulary Committee and the American Indian Child Welfare Advisory Council Expiration Date Postponed; SF3143 (Albright; R-Prior Lake/Utke; R-Park Rapids); chapter 164; signed by Governor Dayton on May 19, 2018.

- Isolation and Quarantine Provisions Changed; SF3102 (Quam; R-Byron/Benson; R-Ham Lake); chapter 167; signed by Governor Dayton on May 19, 2018.

- Price Disclosure Requirement Provisions Added for Providers and Health Plan Companies; Provider Required to Maintain a List of Services and the Provider's Charge for Each Service; SF3480 (Anderson, S; R-Plymouth/Draheim; R-Madison Lake); chapter 168; signed by Governor Dayton on May 19, 2018.

- Lodging Facility Employees Required to be Trained to Recognize Sex Trafficking; SF3367 (Whelan; R-Ramsey/Abeler; R-Anoka); chapter 179; signed by Governor Dayton on May 20, 2018.

- Health Commissioner Use of All-Payer Claims Data to Analyze Health Care Costs, Quality, Utilization and Illness Burdens Date Restriction Changed; SF2675 (Zerwas; R-Elk River/Jensen; R-Chaska); chapter 180; signed by Governor Dayton on May 20, 2018.

- Discharge from Civil Commitment Provisions Modified for Persons Committed as Mentally Ill and Dangerous, Sexually Dangerous or Persons with a Sexual Psychopathic Personality; SF3673 (Johnson, B; R-Cambridge/Limmer; R-Maple Grove); chapter 194; signed by Governor Dayton on May 29, 2018.

- Hospital Construction Moratorium Exception Project Added and Deadlines Imposed on the Public Interest Review Process; HF3202 (Schomacker; R-Luverne/Benson; R-Ham Lake); chapter 199; signed by Governor Dayton on May 29, 2018.

**WHAT ELSE did NOT HAPPEN**

In addition to the vetoed budget and tax bills, these, of interest to counties, failed to cross the finish line:

- County-Based Eligibility System: HF2725 (Dean; R-Dellwood) would have repealed MNsure and replaced the Minnesota Eligibility Technology System (METS) with a new county-based eligibility determination system. Counties would have been responsible for administering both MA and MinnesotaCare. Although heard in multiple House committees, the proposal did not reach final passage.

- Child Welfare Training: HF2996/SF2979 (Kresha; R-Little Falls/Mathews; R-Milaca) would have created a Child Welfare Training Academy in cooperation with the University of Minnesota.

- Work Requirements for Individuals on Medical Assistance (SF3611/HF3722): Although heard in both Senate and House committees, the proposal, sponsored by Senator Mark Johnson (R-East Grand Forks) and Representative Kelly Fenton (R-Woodbury), did not reach final passage. MMB had produced a local impact note, which reflected the total cost to counties would have been $121.3 million in 2020 and $162.6 million in 2021.

- Welfare Reform: There was an informational hearing on SF3333/HF2613 (Rosen; R-Vernon Center/Swedzinski; R-Ghent), which would have modified welfare provisions:
  - Would have required the name and photograph of the head of household, in addition to a list of family members authorized to use the card, to be printed on the electronic benefit transfer (EBT) card. The cardholder would have been required to show identification before making a purchase.
  - Would have required that the return of any purchases made on an EBT card be credited back to the EBT card.
  - Would have reinstated the MA asset limits for families with children and single adults.
Would have removed the ability for an enrollee to self-attest for purposes of MA eligibility.

Would have amended the General Assistance and MFIP statutes, making any offender ineligible to receive benefits if the person is fleeing to avoid prosecution, or custody or confinement after a conviction for a crime.

Would have amended the General Assistance and MFIP programs, by requiring the local probation agency to provide to the welfare fraud division of the local social services agency, on a weekly basis, a list of probationers who tested positive for an illegal controlled substance.

Would have reinstated the asset limit of $7,000 for the Supplemental Nutrition Assistance Program (SNAP).

Would have required recipients of food support benefits to report changes in income, assets, or employment that affects eligibility within 10 days of the date that the change occurs.

- **Mandated Out-Patient Mental Health Services:** HF1139/SF836 (Kiel; R-Crookston/Kiffmeyer; R-Big Lake) would have required continued supervision of those who have been civilly committed for extended periods post release. It would have required case managers to provide weekly oversight with, not only the client, but also meeting with their team of treatment providers to ensure counseling services were taking place and medications were being taken. It also would have created additional mandates that would have increased costs to counties to provide these mental health services.

- **MinnesotaCare Buy-In:** Governor Dayton renewed his push to open MinnesotaCare to anyone who wants to buy coverage. Under his plan, those wishing to buy in would pay for the full cost of the health insurance.

- **Provider Tax:** The proposal to eliminate the sunset of the provider tax also did NOT pass. That tax sunsets at the end of 2019.

- **Hands-Free Cell Phone:** Legislation requiring Minnesota drivers to only use hand-free cell phones did not pass. Although HF1180/SF837 (Uglem; R-Champlin/Carlson; DFL-Eagan) made it through the House committee process, a move on the House floor to attempt to bring it up for a final vote failed 53-74.

- **Gun Reforms:** Despite pressure from hundreds of advocates filling the halls of the Capitol all session, in the end there was no change to Minnesota’s gun laws.

**CONCLUSION**

The 2018 legislative session will be known far more for what was NOT accomplished than what was.

The November 6 election will determine control of the Minnesota House. There will also be a Special Election on the same day for Senator Michelle Fischbach’s open seat (District 13), as former Senator Fischbach has resigned from the Senate and has been officially sworn in as Lieutenant Governor. Finally, the office of Governor and all constitutional offices will be on the ballot.

The 2019 legislative session will commence on Tuesday, January 8.
Activity in public safety started off quickly, though most of the attention was on the transportation committees since that’s where Department of Public Safety (DPS) funding for MNLARS originates. MNLARS was far and away the most high-profile issue in this subject area for the 2018 session. There were other policies passed and signed (or in some cases vetoed) and a handful that didn’t quite make it to the finish line. Few, if any, of those would be considered marquee issues, but nevertheless details are included below.

**CHAPTER 101**

*First Phase of MNLARS Funding*

Just prior to the start of the legislative session, DPS, MN.IT and the Governor released their plan, and cost estimates, for fixing the MNLARS system. The plan would require an additional $43 million in funds for system work. Of that, $10 million was required in the first few weeks of the legislative session in order to avoid layoffs of contractors and other ITS personal that were only funded through the end of March. While it took a couple more week than the administration hoped, the legislature did send the Governor a bill that authorized most of the request for funds, using fund balance from a special revenue account within Driver and Vehicle Services (DVS) at DPS. The request did include additional staff for the MNLARS helpline and that is the portion that the legislature chose not to fund in the bill, the full request for IT staff was included. The bill also created a legislative oversight committee for the MNLARS project. This was a compromise position between the current status of no legislative oversight and the House proposal of several specific benchmarks and significant progress reporting as a condition of receiving this additional funding.

**CHAPTER 201 (VETOED)**

*Omnibus Supplemental Budget*

The continuation of the discussion on fixing the system stretched throughout the session with the House and Senate taking different approaches to the funding problem. In the end, the omnibus bill allocated roughly $15 million (less than half the remaining $33 million that the administration requested). The bill also included $5 million in reimbursement funds for deputy registrars.

**CHAPTER 178 (VETOED)**

*Reimbursements to Deputy Registrars*

Apart from the funding in the omnibus bill, the legislature sent the Governor a bill that would have provided $9 million is reimbursements to deputy registrars. The funds were transferred from a special...
revenue account with DVS, not the general fund. The Governor vetoed the bill citing concerns about the source of the funding and also objecting to not looking at reimbursement and MNLARS system fixes together.

**Chapter 183**  
**DWI Laws Apply to Snowmobiles & ATVs**
This bill more fully incorporates ATVs and snowmobiles into the DWI laws, including prohibition on operation because of DWI convictions.

**Chapter 194**  
**Civil Commitment Release Clarification**
In early 2018, the Court of Appeals ruled that the current release statute for those civilly committed as mentally ill and dangerous or committed to the Minnesota Sex Offender Program (MSOP) must be fully discharges when the meet the standard that exists in case law. This is as opposed to the current practice of provisional discharge with supervision and conditions as the first phase of release from the facility. A bill was introduced that would have fixed this situation as well as conforming statute to U.S. Supreme Court case law on the subject. The Senate passed the bill as originally drafted, but the House preferred a narrower version of the bill that only dealt with the recent Minnesota ruling. The Senate acceded to the House position and the bill was sent to the Governor. The effective date was crafted to apply to all committed patients, including those that are already in the process of moving toward conditional release.

**Chapter 195**  
**Controlled Substances and DWI Modifications**
As part of the annual revision to controlled substance schedules and other technical drug provisions, the legislature also modified DWI law to broaden the types of substances for which DWI applies. Specifically, the law allows for DWI to apply to any intoxicating substance that “impairs the central nervous system or impairs the human audio, visual, or mental processes.” It also lowers the requirement from “knowingly” being under the influence to “knowing or having reason to know” that the substance is intoxicating.

**What Did Not Happen**

- **Sex Offender Supervision Changes**: Legislation was introduced that created a new intensive supervised probation program and required 25-year probation and conditional release terms for these offenders. County stakeholders expressed concerns about this language due to cost, caseload, and policy considerations. As the House moved the bill forward in their omnibus bill, funding for the fiscal note on the intensive probation was included while the 25-year probation was unfunded. Ultimately, the Senate never considered the proposal and it was not included in the final bill.

- **Courthouse Security Grants**: The Governor’s supplemental budget proposal included $1 million in one-time finds for another round of courthouse security grants. The Senate did have a hearing on this part of the budget but ultimately did not include it in their proposal. The House did not have a hearing on these funds and it was not a consideration on the final debates on the omnibus supplemental bill.

- **Enhanced Penalties for Freeway and Other Protest**: In debate that continued from the last session, a bill proposed to enhance the current penalties for obstructing freeways, mass transit and airport access roads as part of a protest. The House had included it in their omnibus bill, but it was not in the final bill. A standalone bill was also sent to the Governor and vetoed.

- **Civil Forfeiture Changes**: Legislation was introduced that would have done away with the civil forfeiture as it currently operates and replaced it with a criminal forfeiture process. County attorneys and law enforcement were very concerned with this proposal and the immediacy of the civil process is where the impact comes from and would be lost in the proposed criminal process. Funds from forfeiture also find a variety of law enforcement functions and the budget hole would have to be made up by county levy dollars is the revenue dropped as was the anticipated result of the change. The bill had hearings but did not advance out of the committee process.

- **Hands Free Cell Phone Requirement**: This was a high-profile issue that saw lots of media attention, but little action in the Senate. The House did advance their bill further in the process. Ultimately, the omnibus bill contained enhanced penalties for texting while driving as a nod to this serious issue, but stricter limits never made it to the Governor’s desk in any form.
PERA Police & Fire Contribution Increase; PERA General Plan Early Retirement Benefits Reduced

CHAPTER 211
Omnibus Pensions Bill

The Omnibus Pensions bill was one of the few major bills to get enacted this session. All the more extraordinary is its enactment occurred without any great controversy despite its hefty price tag of $115.3 million annually by SFY 2024.

Items affecting PERA and local government employers are as follows:

- Elimination of the augmentation of early retirement benefits over a five-year period starting with retirements on 7/1/2019, resulting in actuarial equivalence after 6/30/2024
- Lowering the refund interest rate from 4% to 3% after June 30, 2018
- Elimination of the augmentation for all deferred members’ benefits after 12/31/2018. (Augmentation of deferred members’ benefits was previously eliminated for those who quit after 6/30/2012.)
- Lowering the investment return assumption to 7.5% for all plans
- Resetting the amortization period to a new 30-year period ending in 2048 for all PERA plans
- Removing the PERA General and Police and Fire plan’s COLA triggers, which provided for COLA increases to 2.5% when specified funding ratios were met. Effectively sets the PERA Police and Fire COLA at 1% permanently
- Providing the PERA General Plan’s COLA is 50% of the COLA provided by the Social Security Administration. The COLA cannot be less than 1% or more than 1.5. Effective July 1, 2018
- For retirements on or after 1/1/2024, a PERA General Plan retiree is not eligible to receive a COLA until the retiree reaches normal retirement age (does not apply to Rule of 90 retirees, disability benefit recipients, or survivor benefit recipients)
- Provides the PERA Correctional Plan COLA is 100% of the COLA provided by the Social Security Administration. The COLA cannot be less than 1% or more than 2.5% until either the plan’s funded ratio is less than 85% for two consecutive years or 80% for one year. If either scenario occurs, the maximum permanently becomes 1.5%. Effective July 1, 2018
- Increases the PERA Police and Fire plan member contribution rate by 1% of pay over two years, beginning 1/1/2019
- Increases the PERA Police and Fire plan employer contribution rate by 1.5% of pay over two years, beginning 1/1/2019
- The PERA Police and Fire Plan will receive annual direct state aid payments of $4.5 million on 10/1/2018, and on 10/1/2019, and $9 million annually thereafter

CHAPTER 185
Worker’s Compensation Revisions

Chapter 185 made several changes in workers’ compensation. They include:

- Establishing a workers’ compensation hospital outpatient fee schedule (HOFs) is established for payment of workers’ compensation hospital outpatient surgical, emergency room and clinic...
services, using Medicare’s Outpatient Prospective Payment System (OPPS) system as a framework.

- Creating a presumption for employees who are licensed police officer; a firefighter; a paramedic; an emergency medical technician; a licensed nurse employed to provide emergency medical services outside of a medical facility; a public safety dispatcher; an officer employed by the state or a political subdivision at a corrections, detention, or secure treatment facility; a sheriff or full-time deputy sheriff of any county; or a member of the Minnesota State Patrol. Allows if an employee who was on active duty in one of the listed occupations is diagnosed with “post-traumatic stress disorder” (PTSD), and has not been diagnosed with PTSD previously, then the PTSD is presumptively an occupational disease that is presumed to have been due to the nature of employment. Allows the presumption to be rebutted by substantial factors brought by the employer and insurer. Effective for injuries occurring on or after January 1, 2019.

- Provides that the maximum number of weeks that an employee is entitled to temporary partial workers’ compensation benefits is increased from 225 to 275 weeks. Effective for injuries occurring on or after October 1, 2018.

- Increases the amounts used in calculating permanent partial disability benefits. Effective for injuries occurring on or after October 1, 2018.

- Deletes the retirement presumption at age 67 and instead provides that permanent total disability benefits cease at age 72. Permanent total disability benefits currently cease at 67 because the employee is presumed retired from the labor market. Provides an exception for employees who are injured after age 67, which permanent total disability benefits will cease after 5 years. Effective for injuries occurring on or after October 1, 2018.

- Directs the Commissioner of Labor and Industry to promulgate rules governing the treatment of PTSD using expedited rulemaking authority. Requires the treatment parameters to be developed in consultation with the Medical Services Review Board (MSRB). Directs the commissioner and the MSRB to consider the guidance found in the American Psychological Association’s (APA) most recently adopted Clinical Practice Guideline for the Treatment of PTSD in Adults. Directs the commissioner to review and update the rules governing treatment of PTSD, using the expedited rulemaking process, each time the APA adopts a significant change to their clinical practice guideline. Effective for all PTSD claims on June 1 or as soon as the rule gets promulgated.

**CHAPTER 107**

**Threshold for Sealed Bids Increased**

The contract threshold at which sealed bids must be solicited by public notice is increased from $100,000 to $175,000. The contract threshold at which contracts may be negotiated by obtaining at least two quotes is increased from between $25,000 to $100,000 to between $25,000 to $175,000.

**CHAPTER 146**

**Threshold for Sealed Bids Increased for County Contracts with Certified Small Businesses and Veteran-Owned Businesses**

The contract threshold at which sealed bids must be solicited by public notice is increased to $250,000 for (1) a small business enterprise identified by a county small business certification program; or (2) certified by the commissioner of administration as a small business that is majority-owned and operated by a veteran or a service-disabled veteran.

**CHAPTER 214**

**Consideration of Need or Reasonableness in Appeals of Metropolitan System Plans**

In a hearing where a local government is appealing a Metropolitan Council “system statement” - the transportation portion of the Metropolitan Development Guide, or the policy plans, and capital budgets for metropolitan wastewater service, transportation, and regional recreation open space – which requires the local government to revise its comprehensive plan, the advisory committee or administrative law judge may consider the need or reasonableness of the metropolitan system plan. Previously, the need or reasonableness could not be considered.
WHAT DID NOT HAPPEN

- There is no change in Metropolitan Council governance due to a gubernatorial veto
- There is no additional funding for broadband grants due to a gubernatorial veto
- There is no additional telecommunication funding for libraries due to a gubernatorial veto
- There is no funding for cyber-security for the Voter Registration Database due to a gubernatorial veto
- There were no election law changes including no authorization for “skinny” ballots
- No required piloting of state IT systems used by counties due to a gubernatorial veto
LEGISLATURE COMES UP SHORT IN MANY EFFORTS TO RELAX ENVIRONMENTAL REGULATION

While the media’s coverage of the session focused on the dispute between the Legislature and the Governor over the tax bill and the supplemental budget bill, an extensive dispute raged over the Republican majority’s efforts to relax environmental standards or requirements. Six different bills or portions of bills were vetoed by the Governor as he resisted this effort. See “What Didn’t Happen” at the end of this document to see what environmental provisions were vetoed by the Governor.

The remainder of the document covers those environmental bills affecting counties that did get enacted.

CHAPTER 114

Metro Cities to Build & Maintain Sanitary and Storm Sewers in Unincorporated Areas

Chapter 114 grants metropolitan counties the same authority that nonmetropolitan counties have to build, operate and finance sanitary and storm sewers in unincorporated areas. This authority will assist those metro counties responsible for implementing a local water management plan as the planning and zoning authority in unincorporated areas.

CHAPTER 134

Modifying Matching Fund Requirements

Chapter 134 broadens what qualifies for the matching fund requirement for the metropolitan local recycling development program to include expenditure by other local units of government, tribal governments, or private sector or nonprofit organization.

CHAPTER 155

Modifying the PACE Program

Chapter 155 makes numerous changes in the Property Assessed Clean Energy (PACE) loan program including making the lien for a residential PACE loans subordinate to (1) all liens recorded prior to the recording of PACE lien and (2) any first mortgage recorded after the PACE lien is recorded. Prior to these changes, the lien was deemed to be superior to any other liens. The changes make it unlikely that any residential PACE loans will be executed.

CHAPTER 169

Ramsey County Soil and Water Conservation District Abolished

The Ramset Soil and Water Conservation District was abolished, and its assets and duties transferred to Ramsey County.

CHAPTER 177

Procedures for Initiating Organized Collection Modified

Chapter 77 renames the “organized collection options committee” that must evaluate organized collection of mixed municipal solid waste before organized collection is initiated the “solid waste collection options committee.” Additional factors that must be considered are impacts on residential subscribers’ ability to choose a provider based on the desired level of service, costs and other factors and the incremental impact of miles driven by collection vehicles. A new requirement is established to meet and confer with licensed haulers before the exclusive meeting and negotiations to create an organized collection proposal. There is no joint and several liabilities of all participating haulers for the actions of one hauler.
**CHAPTER 181**

*One-year Delay in White Bear Lake Area Ground Water Appropriation Permits*

The court order restricting the granting new water appropriation permits, imposing new requirements on existing water appropriation permit holders and restricting lawn sprinkling using water from wells located within 5 miles of White Bear Lake are delayed until July 1, 2019.

**CHAPTER 186**

*St. Louis and Lake Counties May Lease Tax Forfeited Land*

Chapter 186 authorizes St. Louis and Lake counties to lease tax forfeited land for recreational trails and facilities for 30 years.

**CHAPTER 204**

*Implementing Terms of a Recent Settlement Between the State and 3M Requiring a Report of Well Testing for PFC’s*

Within the east metro area where ground water has been contaminated by PFC’s, the PCA must develop a Web page that may include the following:

1. the process for private and public well PFC sampling;
2. an interactive map system that allows the public to view locations of the Department of Health well advisories and areas projected to be sampled for PFCs; and
3. how to contact the PCA or Department of Health staff to answer questions on sampling of private wells.

The results of private well testing must be reported annually to the affected communities. A Water Quality and Sustainability Account is created for the settlement proceeds from the 3M litigation. Various reporting and oversight provisions are created for account expenditures and projects proposed for funding from the account.

**CHAPTER 208**

*Outdoor Heritage Appropriations*

Appropriations of interest to MICA Counties include:

- Cannon River Headwaters Habitat Complex - $1.345 million
- Dakota County Habitat Protection/Restoration - $1.514 million
- St. Louis River Restoration Initiative - Phase V - $2.013 million
- Conservation Partners Legacy Grant Program: Statewide and Metro Habitat - $11.589 million (of which $2.567 million is for grants in the metro area and cities with populations of 50,000 and greater.

**GROUNDWATER PROTECTION/ FERTILIZER RULE SUSPENDED**

The Department of Agriculture Proposed Groundwater Protection Rule, MN Rules 1573, is suspended until the end of the 2019 Legislative Session by actions of the House and Senate Agricultural Committees. The rule limited the amount and time of application of nitrogen fertilizer in drinking water management areas with a municipal water supply well with excessive nitrates or in vulnerable groundwater areas defined as land with (A) course textured soils or (B) soils that are shallow to bedrock or in karst areas.
WHAT DID NOT HAPPEN

- No increase in the size of solar energy installations qualifying for solar energy production incentives from a maximum of 20 to 40 kilowatts due to gubernatorial veto.
- No energy storage system pilots due to gubernatorial veto.
- No funding for development of an online training curriculum for animal feedlot requirements due to gubernatorial veto.
- No extension of funding for examination of the takeover Sec. 404 permits and negotiation of a draft agreement with the EPA due to gubernatorial veto.
- No change in WRAP or TMDL processes or timelines due to gubernatorial veto.
- No changes in the external peer review of water quality standards due to gubernatorial veto.
- No change in eligibility for assistance for solid waste management projects due to gubernatorial veto.
- No moratorium on Muskie stocking in Otter Tail County lakes due to gubernatorial veto.
- No authority for the Agriculture Best Management Practices Loan Program to make loans to drainage authorities to pay damages for implementation of buffer strips due to gubernatorial veto.
- No authority for drainage authorities to plant and maintain a buffer strip before acquiring and compensating the landowner for the land due to gubernatorial veto.
- No changes in water quality standards for sulfides due to gubernatorial veto.
- No legislative approval of water pollution fees due to gubernatorial veto.
- No grant to a higher education institution to review water quality regulations and permits due to gubernatorial veto.
AGENDA DATE: October 2, 2018

REQUEST BY: Annette Peters, Auditor/Treasurer's Office

STATE ITEM OF BUSINESS:
Discussion of the Petition for the Creation of Circle Lake Improvement District

BACKGROUND:
(Background)

FISCAL IMPACT:

COUNTY BOARD ACTION REQUESTED:
Reviewed with additional material provided: ✓ Approved
County Administrator
BYLAWS FOR
CIRCLE LAKE IMPROVEMENT DISTRICT

ARTICLE 1
ESTABLISHMENT, DEFINITION AND PRIORITY

Section 1. Establishment. The Circle Lake Improvement District ("CLID" or "District") is established under Minnesota Statute 103B.535 by Rice County Board of Commissioners ("County Board") via Rice County Board of Commissioners Resolution No. ____________ Order to Establish Circle Lake Improvement District on November 13, 2018, and filed with the Minnesota Office of Secretary of State, Minnesota Pollution Control Agency, and Minnesota Department of Natural Resources.

Section 2. Definition of the Circle Lake Improvement District. The Circle Lake Improvement District is a non-profit organization subject to applicable county, state, and federal laws. The CLID is a political subdivision of the State of Minnesota. It is a local unit of government partially funded by a special taxation district authorized by Minnesota Statute 103B, Lake Improvement Districts, established by the Rice County Board of Commissioners Resolution ____________ Order to establish Circle Lake Improvement District on November 13, 2018, and bound by provisions where Minnesota Statute Chapter 13, MN Open Meeting Law and Minnesota Statute 15.17, Official Records, apply.

Section 3. Priority. These Bylaws, along with the Order to Establish referenced in Section 1, shall govern the activities of the Circle Lake Improvement District. The Order to Establish is an integral part of these Bylaws and is attached hereto for reference as Exhibit A. In the event of a question of priority or interpretation, the Order to Establish shall have precedence over the Bylaws.

ARTICLE 2
NAME, LOCATION, AND AUTHORITY

Section 1. Name. The name of the organization shall be Circle Lake Improvement District. The organization may be referred to as CLID.

Section 2. Location. The principal office will be at the discretion of the Board of Directors, and shall be located in Rice County, State of Minnesota and shall be near Circle Lake. The official address of the district shall be:
Circle Lake Improvement District  
P.O. Box 147  
Northfield, MN 55057  

Section 3. Authority. The Circle Lake Improvement District is a non-profit local unit of government and shall operate in accordance with Minnesota Statutes 103B.501 to 103B.581, Minnesota Rules 6115.0900 to 6115.0980, the Rice County Board Resolution _____________ Order to Establish Circle Lake Improvement District on November 13, 2018, and any amendments thereto.

ARTICLE 3  
PURPOSE, GOALS, AND OBJECTIVES  

Section 1. Purpose. The primary purpose and mission of the Circle Lake Improvement District is to serve as a steward of our lake community, to protect, preserve, promote, and improve the recreational and overall quality and integrity of Circle Lake.

The CLID will work within the lake community and cooperatively with the Circle Lake Association and County and State Agencies to continuously refine our goals and develop annual work plans to meet these goals. We will work closely with Rice County to oversee funds collected and expenses to accomplish this mission. The following are water-related land and resource management programs, remedial actions, construction projects, and other services that may be undertaken by the CLID:

a. Develop and implement a comprehensive plan to improve water quality.
b. Apply for private and/or public grants and/or enter into contracts with federal or state agencies for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs.
c. Enter into contracts with private businesses for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs.
d. Undertake research to determine the condition and development of the body of water included within the Lake Improvement District and to transmit the studies to the Department of Natural Resources, the Minnesota Pollution Control Agency, and other interested authorities.
e. Make cooperative agreements with the United States, State of Minnesota, Rice County, Forest Township or other cities to effect water and related land resource programs.
f. Conduct programs of water improvement, conservation, and education.
g. Implement and/or continue water quality monitoring programs.
h. Serve as the local sponsor for grants.
i. Provide input to the Soil and Water Conservation District regarding water use and applications as deemed necessary and reasonable.

j. Conduct plans, studies, developments and implementations as allowed or permitted by law and approved by the County Board.

k. Coordinate with the proper governmental agencies for the planning and installation of cluster or community sewage and/or water supply systems.

l. Any and all other programs and services as provided by law.

Section 2. Goals. The primary goals include:

a. To research, control, and eliminate the infestation of nuisance aquatic vegetation and aquatic invasive species (AIS) and other non-native species (i.e., Eurasian water milfoil, purple loosestrife, curly leaf pondweed, zebra mussels, and other species known and unknown, whether plant or animal).

b. To develop and implement a comprehensive plan to improve overall water quality.

c. To improve the quality of recreation and overall lake utilization.

d. To continue carp removal project to control bottom sediment within the lake.

e. To continue invasive aquatic plant control by herbicide spraying or mechanical removal systems.

f. To promote native aquatic vegetation through targeted removal of invasive species and protection of native vegetation.

g. To plant native grasses, forbs, and other vegetation along lakeshore and direct runoff areas.

h. To address erosion control around Circle Lake and the contributing watersheds with streambank restorations, erosion control best management practices, ravine stabilization, etc.

i. To consider watershed improvement projects such as storage basins and wetland treatment areas, erosion control preventative measures, multi-purpose drainage management, and other watershed best management practices.

j. To continue the monitoring and assessment of water quality and implemented practices to identify, re-evaluate, and target key areas for water quality improvements.

k. To address other water quality issues that arise in the future to improve the overall water quality of Circle Lake which may include increase water clarity, lower total phosphorus, Chlorophyll-a, nitrate, or other pollutant concentration.

Section 3. Objectives. In light of the problems presented due to invasive aquatic vegetation in Circle Lake, the creation of a Lake Improvement District will allow for control and treatment of aquatic plants, and other in-lake studies and activities, and will promote the public welfare, will benefit property located within the District, and will not cause nor contribute to long-range environmental pollution.
ARTICLE 4
MEMBERSHIP, BOUNDARIES, VOTING AND TRANSFER

Section 1. Membership. Membership shall include all Circle Lake Improvement District riparian property owners and owners of properties with easements, deeded access or who are part of an association or group which may have access to the lake (“the Membership”) and according to the Rice County Auditor are eligible to vote according to Section 3.

Section 2. Boundaries. The CLID boundary shall include all riparian properties which abut Circle Lake, including any properties accessing Circle Lake through easements or commercially classed riparian properties. The CLID boundary and riparian properties are more clearly depicted on Exhibit B, attached hereto and incorporated herein by reference.

Section 3. Voting. Each unique riparian property owner (all names listed as taxpayers of parcels located within the stated boundaries according to the Rice County Property tax records as owners of the parcel) within the CLID boundary is entitled to one vote (per owner (See Article 6)) at the annual District meeting or at any special District meeting on Board member elections, budgets, and proposed projects by the CLID having a cost to the CLID in excess of $5,000. No property owner shall have more than one vote, regardless of the number of parcels the property owner(s) own within the CLID Boundary. A riparian property is defined as a parcel or parcels held in separate and distinct ownership, regardless of the number of lots or parcels owned, the acreage, or the number of owners. When a riparian property is owned in common by members of a condominium, common interest community, planned unit development, or other common ownership arrangement, the owner(s) of each unit having an interest in the common riparian property shall have a vote and shall have all other rights and responsibilities, including being subject to a charge or assessment as riparian owners.

Section 4. Transfer of Membership. When a parcel of land is sold, membership shall transfer from the old owners to the new owners. When a parcel is sold on contract for deed, the Membership shall transfer from the contract seller to the contract purchaser. When a parcel is leased or rented, the Membership shall not transfer from the landlord to the tenant.

ARTICLE 5
FUNDING

Section 1. Initial Funding. The initial funding shall be raised by the Circle Lake Association, and supplemented via any of the following:

a. County, State, and Federal grants.
   b. Donations and grants from private parties, corporations, or foundations.
c. Loans from governmental entities.

Section 2. Subsequent Funding and Special Projects. Circle Lake Improvement District activities may be funded by any of the above means mentioned, and also by:

a. Imposing service charges on the users of lake improvement district services within the District under Minnesota law.
b. Levying an ad valorem tax solely on property within the lake improvement district, to be appropriated and expended on projects of special benefit to the District.
c. Imposing any combination of service charges and taxes.

Section 3. Primary Method of Subsequent Funding. The primary method of subsequent funding for the Circle Lake Improvement District shall be an annual owner membership service charge (“CLID Charge”) in the manner described in Article 6 herein. The District may utilize the other methods of funding (i.e. alternative methods of funding) authorized under Section 2 of Article 5; however, the proposed use of such alternative methods of funding must be specifically brought before and approved by a majority of owners at the annual district meeting. The alternative funding may be used in addition to or in order to supplement the CLID Charge. However, the potential use of alternative funding must be specifically brought before and authorized by a majority vote of owners.

ARTICLE 6
PARCELS ELIGIBLE FOR CHARGE, ASSESSMENT OF FEES, SERVICE CHARGE, OR TAX

Section 1. Charging Owners and Assessing Properties. All parcel owners shall be charged an annual membership charge (i.e. the CLID Charge). A parcel is defined as a property with a Parcel Identification Number (PIN) within the boundaries of the District. In addition, all parcels may also be subject to a fee, tax, or other additional charge as recommended and approved at the Annual Meeting.

Section 2. Primary Method of Funding (“CLID Charge” on parcel owners). All parcel owners will be charged one CLID Charge unless otherwise approved or modified at the annual meeting of the District. The CLID Charge shall be the same for all parcel owners. The amount of CLID Charge shall be determined by and based on the annual budget approved by the District at its annual meeting. Unless otherwise authorized, the total proposed annual budget shall be divided equally among the number of parcel owners and not on a per parcel basis (i.e. one CLID Charge to each owner regardless of the number or size of parcels owned by a distinct owner). The total CLID Charge to each owner shall be allocated between and among the total number of parcels owned by the parcel owner within the CLID boundary. Each parcel within the CLID boundary with a separate PID must receive some amount of charge (i.e. no parcel with a PID may have a zero CLID Charge).
Section 3. Alternative Methods of Funding. In addition to the annual CLID Charge, all parcels within the boundaries of the District may also be subject to an additional or supplemental fee, tax, or other charge for each parcel. However, any such additional fee, tax, or other charge must be specifically authorized by a majority of eligible voters at the District’s annual meeting.

It is the goal of the District that an individual owner of chargeable or assessable parcels not be subject to a fee, tax, or charge in access of a $300.00 total per year, regardless of how many parcels an individual owner owns, unless a higher amount is recommended and approved at the Annual Meeting. This includes the application of the CLID Charge. A parcel may be granted an exemption from the CLID Charge, the assessment of fees, or other taxes only by the Circle Lake Improvement District Board of Directors on a case-by-case basis.

Section 4. Submittal of Information to County. The Circle Lake Improvement District shall approve a list of parcel owners and the applicable CLID Charge, or alternative method of funding, at the CLID’s annual meeting. The Board shall submit the list of chargeable, taxable, or assessable parcels to the County along with its annual budget. It shall be the sole responsibility of the CLID to determine the applicable charge, fee, or tax attributable to each parcel based on the CLID’s proposed budget and any projects. At a minimum the submittal to the County shall include the following information:

a. Identification of the parcels to be charged or otherwise assessed;
b. Name of parcel owner;
c. Address of parcel owner;
d. Manner and amount of charge, tax, or fee assessed to each parcel.

ARTICLE 7
BOARD OF DIRECTORS

Section 1. Initial Board of Directors. The following individuals were appointed to serve as the initial Board of Directors ("initial Board of Directors" or "initial Board") by the County Board at its meeting on November 13, 2018:

a. Dale Petelinsik
b. Roger Kluzak
c. Cheryl Bahnsen
d. Dean Sunderlin
e. Jeff Jirik
f. Brian Panettiere
g. Mandi Morrissey
The initial Board will serve until the first Annual Meeting of the Circle Lake Improvement District, to take place not later than August of fiscal year 2019, at which time an election will be held to select the Board of Directors by the Membership in the manner and under the terms as set forth herein.

Section 2. Board of Directors, Size and Terms. At the second Annual Meeting, to take place not later than August of fiscal year 2020, the Circle Lake Improvement District Board of Directors ("Board of Directors" or "Board") shall consist of seven (7) Directors with three (3) year staggered terms who must be at least eighteen (18) years of age and own real property within the District. All Directors must be a full-time (i.e., year-round) residents and property owners of the District.

Section 4. Powers. The CLID Board of Directors shall have authority for and be responsible for the supervision, control and direction of the CLID including:

a. Administrative and fiscal policies;
b. Establishing the requirements, rights, privileges, and restrictions of the Membership;
c. Scheduling the Annual Meeting;
d. Managing the business of the CLID;
e. Performing such other duties as are specified in these Bylaws.

Section 5. Eligibility and Representation. Any member in good standing who is at least eighteen (18) years of age at the time of nomination shall be eligible for election as a Director. Directors shall receive no compensation unless authorized by the Board to be determined by the property owners at the Annual Meeting. Actual and reasonable expenses of Directors may be reimbursed, if authorized by the Board.

Section 6. Director Elections. Directors shall be elected at the Annual Meeting.

Section 7. Responsibilities.

a. The Board of Directors shall be responsible for determining the financial requirements of the CLID and for establishing the property charge, fee, or tax assessment amount needed to meet the CLID financial requirements.
b. All decisions requiring Board approval in between official Board meetings will be submitted by the Chairman through email to all Directors with confirmed receipt. Directors will have seven (7) business days to respond via email to the decision. If no response is received, the Board member’s vote will be counted as in favor of the motion or action contemplated provided a quorum has responded.
c. Directors shall make every effort to attend all Board meetings.
d. The Board of Directors, by simple majority vote, may declare vacant the seat of any Director who has been absent from two (2) or more meetings without cause. A Director may request, and therefore receive, an excused absence by notifying any Officer prior to the meetings of the Board of Directors.

e. Directors shall, by appointment of the Chairman, serve on steering committees or other ad hoc committees, and shall function as a liaison between the Board of Directors and such committees.

f. Upon exiting the Board all documents and electronic files must be relinquished to the senior officer.

Section 8. Vacancies. The Board of Directors may, by majority vote of the remaining Directors, elect members to temporarily fill vacancies until the next Annual Meeting. If the vacated Board seat has a remaining unexpired term at the next Annual Meeting, the remaining unexpired term must be filled by election at the Annual Meeting in accordance with Article 11, Section 4.

Section 9. Removal of Directors. A Director may be removed from the Board by a two-thirds (2/3) vote of the remaining Directors or by the majority of property owners present at an Annual Meeting. Reasons include sale or transfer of all Circle Lake residential or commercial property of the Directors, death, or conduct detrimental to the good of the CLID, resignation, insufficient number of Directors elected at the Annual Meeting.

ARTICLE 8 OFFICERS

Section 1. Officer. All Officers of the Circle Lake Improvement District (Rice County) shall be Directors.

Section 2. Officer Positions. The offices of the CLID shall be Chairman, Vice Chairman, Secretary and Treasurer.

Section 3. Initial Officers. The initial Officers shall be elected by the Board of Directors at its first scheduled Board meeting following the establishment of the CLID.

Section 3. Officer Elections. Officers will be elected by the Board of Directors from among its members at the first scheduled Board meeting following any Annual Meeting at which new Directors are elected. Election will be by secret ballot if more than one person is nominated for any office.

Section 4. Duties of Officers.
Chairman: The Chairman shall preside over all CLID Board Meetings, Annual Meetings and Special Meetings. The Chairman shall ensure that these Bylaws and any rules and regulations as adopted by the CLID Board are enforced. The Chairman shall act as the spokesperson for the Board and be responsible for signing any contracts or documents on behalf of the CLID as approved by the Board of Directors. The Chairman shall, within four (4) months after the Annual Meeting, file an annual report with the Rice County Board of Commissioners, Minnesota Department of Natural Resources, Minnesota Pollution Control Agency, and the Rice County Soil and Water Conservation District.

Vice Chairman: The Vice Chairman shall assist the Chairman and act as parliamentarian. The Vice Chairman shall assume the responsibility of the office of Chairman in the absence of the Chairman, and attend all meetings called by the Chairman. In the event of resignation or removal of the Chairman, the Vice Chairman shall become Chairman immediately and shall serve out the remainder of the Chairman’s term.

Secretary: The Secretary shall keep permanent accurate records of all meetings of the Board and regularly submit minutes to the Board and perform other duties normally associated with this office. Meeting minutes will be sent to all Board members via email within one (1) week after a meeting. Concerns or requests for edits should be received within one (1) week after the minutes are sent. Minutes for each Board meeting shall be placed on the website within one (1) week after approval or as directed by the Board. Minutes from the Board meeting shall be formally approved at the beginning of the next meeting of the Board or by email vote. The Secretary shall maintain copies of all books, documents, and written communication related to the CLID and shall relinquish to the Board these materials upon expiration of term of office.

Treasurer: The Treasurer shall oversee the books of financial accounts, present a financial state of the CLID at each meeting and perform all other duties normally associated with this office, including: managing accounts, paying bills, securing insurance, providing a financial summary report at the Annual Meeting, and reporting to Rice County officials annually, or as required. The Treasurer shall provide for two authorized signatures on all checks over $10,000. The Treasurer shall maintain copies of all books, financial documents, bank documents, tax documents, and the like, and shall relinquish to the Board these materials upon expiration of term of office. If an audit is requested by the Board, the Treasurer must provide requested information within seven (7) days.

**ARTICLE 9**

**BOARD OF DIRECTORS MEETINGS**

**Section 1. Meetings.** Directors shall hold at least two meetings annually, in addition to the Annual Meeting of the Membership. Special meetings may be called by the Chair or Vice Chair...
as directed by the Chair, or upon the approval by a majority of the members of the Board of Directors, as may from time to time be required to carry out the activities of the Board. All meetings of the Board are open to any CLID member and the public to attend. Voting rights for meetings other than the Annual Meeting are limited to Board members, only. A Board meeting may be held in person or electronically.

Section 2. Open Meetings. The provisions of Minn. Stat. Chap. 13D, which requires open meetings, apply to all meetings of the Board of Directors.

Section 3. Notice of Meetings. Notice of each regular meeting shall be issued stating the purpose of the meeting along with a proposed draft agenda to each Director no less than seven (7) days prior to the meeting date. Electronic email notice shall be the official means of notification, plus any other means that may be requested by a Board member. A special meeting may occur in less than seven (7) days of notification provided notice is sent to all Board members and a quorum is present.

Section 4. Quorum. A simple majority of the current Board of Directors shall constitute a quorum at any meeting. Simple majority is defined as greater than fifty (50) percent. No action shall be deemed approved unless votes cast in favor on a motion are approved by a majority of the quorum.

ARTICLE 10
COMMITTEES

The Board of Directors may vote to create committees as needed for the purpose of completing or implementing specific tasks, projects, or events to benefit the goals of the Circle Lake Improvement District. The Committee Chairman shall be approved by a majority of the Board of Directors. The Board of Directors shall authorize and define the powers and duties of all committees and task forces subject to the provisions of these Bylaws. No committee shall commit the CLID to contractual obligation or advocacy or opposition to any position without the specific authority of the Board of Directors.

ARTICLE 11
ANNUAL MEETING

Section 1. The first Annual Meeting shall take place in July or August, 2019, as determined by the initial Board of Directors, and all subsequent Annual Meetings shall be held annually in that period unless changed by vote of the previous Annual Meeting.
Section 2. Notice. Notice of the Annual Meeting will be provided by the Circle Lake Improvement District Board of Directors in accordance with the requirements in Minnesota Statute 103B.571. The Annual Meeting shall be preceded by a minimum of two (2) weeks’ published notice in the newspaper chosen by the Rice County Board of Commissioners for the County’s official notices and by written notice to be mailed at least ten (10) days in advance of the meeting to the County Board and city boards wholly or partially within the District, the Minnesota Pollution Control Agency, and the Commissioner of Natural Resources (See attached Addendum). Written notice must be mailed to all property owners within the District at least ten (10) days in advance of the meeting. If there is a proposed project by the CLID having a cost in excess of $5,000, written notice must be mailed to all property owners within the CLID Boundary area at least ten (10) days in advance of the meeting.

Section 3. Election Procedures. See Exhibit C for election procedures.

Section 4. Agenda. At the Annual Meeting the Circle Lake Improvement District property owners present shall:

a. Approve or disapprove proposed projects by the CLID having a cost to the CLID in excess of $5,000.
b. Review the business transacted by the District during the fiscal year.
c. Review the status of ongoing projects.
d. Review Rice County administrative costs and money in accounts, including escrow.
e. Approve a budget for the fiscal year.
f. Review process for placing the District on tax rolls to be completed with the County Auditor’s Office by November 30.
g. Review of signatures for signing checks with Auditor’s Office.
h. Elect one or more Directors to fill midterm vacancies in the Board of Directors.
i. Take up and discuss other District activities and consider other business as comes before the Directors.

Section 5. Annual Report. Each year the Board of Directors shall prepare and file a report of the following:

a. Name of the District;
b. Date of Annual Meeting;
c. Copies of published and written notice that was available two (2) weeks prior to the Annual Meeting;
d. Evidence that election ballots were mailed out to all property owners in the District at least two (2) weeks prior to the Annual Meeting;
e. Insurance information showing liability coverage to the current tort limits;
f. Proof of permission from neighboring landowners if herbicide was being applied to lake;
g. The financial condition of the District;
h. The status of the projects in the District;
i. Summary of interaction/coordination with public and other agencies during the year;
j. Intended studies and management programs;
k. Remedial actions and construction projects, including specific details of such activity;
l. Monitoring report to prevent long-term environmental effects;
m. Membership and elected officers;
n. A discussion of the Directors’ intentions for succeeding years; and
o. Other matters affecting the interest of the District relevant to the goals and accomplishments of the District.

Copies of the report shall be transmitted to the County Board, the Commissioner of Department of Natural Resources, and the Minnesota Pollution Control Agency within four (4) months after the Annual Meeting, and no later than November 1 (not to exceed the four-month requirement).

ARTICLE 12
BUDGET

A budget must be approved by a majority of all owners voting in the Annual Meeting each year. Any projects in excess of $5,000 must be approved by a majority of the property owners at an Annual Meeting. In the annual budget for the District, which will be submitted to the County Board following the Annual Meeting and before August 30th each year, the Board of Directors will include sufficient funds to cover the costs of administering the District. The submission of the budget to the County Board will include a list of properties to be charged, taxed, or assessed, as well as the recommended method of charging, taxing, or assessing fees to the properties within the District.

MN Statute 103B.555, subd. 3 states that “the county board or county boards forming the joint county authority shall include appropriate provisions in their budget for the operation of the lake improvement district.” The county as a whole is not responsible for sharing the administration and other costs to administer and operate the CLID. Accordingly, all expenses and costs incurred by the county each year to administer the CLID shall be added to and incorporated into the CLID’s budget for the following year. The purpose of incorporating such amounts into the CLID’s budget is to reimburse the county for expenses and costs incurred on an annual basis. The CLIDs budget shall not be approved by the County until all costs and expenses of the County from the previous year are incorporated into the budget. The County shall provide an accounting of all costs and expenses to the CLID for incorporating into the annual budget by July 15th in order to allow time to incorporate such information into the CLIDs’ budget in advance of the annual meeting.
**ARTICLE 13**
**EXPENDITURE/RECEIPT OF DISTRICT FUNDS**

All request for funds, whether individually or for project expenditures, must be submitted to the Circle Lake Improvement District Board of Directors. All expenditures must be pre-approved by a majority of the Directors.

Should any committee require funds for purposes of its work, the committee shall make application to the Board of Directors in writing with a full statement of the funds required and the purpose for which the funds are to be expended. Upon request of the Board of Directors, the committee shall meet with the Board at any regular or special meeting thereafter to review the request and secure approval of same. No committee shall expend any funds without the approval of the Board of Directors of the CLID.

All invoices or claims for expense reimbursement must be signed off by at least one member of the Board that is not the signatory on the claim voucher. The Treasurer, or designate from the Board, must sign off on the claim voucher to the County Board.

All funds secured by donation, fund raising, or from any committee shall be turned over to the Board of Directors.

Accounting functions will be performed by Rice County, pending approval of a contract by the Board of Directors. Any services provided will be on a flat fee basis. Any other financial arrangements must be Board approved.

**ARTICLE 14**
**FISCAL YEAR**

The District fiscal year shall be a calendar year starting January 1 and ending December 31.

**ARTICLE 15**
**PARLIAMENTARY PROCEDURE**

The procedure of the meetings of Circle Lake Improvement District shall be governed by and conducted according to the current abbreviated version of *Robert’s Manual of Parliamentary Procedure* as adopted by the Board of Directors. The Vice Chairman shall be the parliamentarian.

**ARTICLE 16**
PERSONAL LIABILITY AND INSURANCE

Section 1. Personal Liability. No Director shall be personally liable for the debts or obligations of the Circle Lake Improvement District of any nature nor shall any of the property of the Directors be subject to the payment of the debts or obligations of the CLID.

Section 2. Insurance. In order to adequately protect the Circle Lake Improvement District, the Board of Directors will maintain adequate insurance coverage for the District, including Liability Insurance and Directors and Officers Liability Insurance.

ARTICLE 17
INDEMNIFICATION

To the full extent permitted by Minnesota law, current and former Directors who are made a party, or threatened to be made a party, to a civil, criminal, administrative, arbitration, or investigative proceeding by reason of their position and activities on behalf of the Circle Lake Improvement District shall be indemnified by the CLID against judgments, penalties, fines, settlements, costs of defense including reasonable attorney’s fees, and other losses incurred in connection with the proceeding. Acts of negligence, fraud, and/or criminal conduct shall not be indemnified. This indemnification shall inure to the benefit of the heirs, executors, and administrators of those who are so indemnified. The CLID may obtain insurance to cover this indemnification.

ARTICLE 18
AMENDMENTS

The Board of Directors may adopt or amend these Bylaws by two-thirds (2/3) vote of the Directors present and entitled to vote at any meeting of the Board.

ARTICLE 19
CERTIFICATION

These Bylaws were adopted and approved by the Board of Directors on November 23, 2018.

_______________________________  ______________________________
CHAIRMAN                              SECRETARY
a. Nominations. Any CLID member may nominate a candidate to the slate of nominees. All nominations must be received by the Secretary no later than June 1 or eight (8) weeks prior to the Annual Meeting.

b. Filing for Office of Director.
   i. Individuals must be unique property owners with property abutting Circle Lake, Rice County.
   ii. Candidates shall be at least eighteen (18) years of age and submit a completed Letter of Interest (“Letter”) within the stated filing period. Each term is for three years.
   iii. The Letter shall contain the following information:
       (a) The candidate’s true name or the name by which the candidate is commonly and generally known in the community;
       (b) The address and telephone number of the individual;
       (c) The reason the candidate is running for office and
       (d) The signature of the individual.
       (e) The Letter shall be delivered to the Board or mailed to:
           Circle Lake Improvement District
           P.O. Box 147
           Northfield, MN 55057
   iv. Letters of Interest must be received by the Secretary no later than June 1 or eight (8) weeks prior to the Annual Meeting.

c. Election Procedures.
   i. Eligible voters include all the members of the Circle Lake Improvement District. Each unique riparian property owner (all names listed as taxpayers of properties located within stated boundaries according to the Rice County tax records as owners of property) is entitled to one vote.
   ii. The Board of Directors shall work with Rice County to update the list of eligible voters in a timely manner for notification of meeting notice.
   iii. Balloting.
       (a) Nominations shall not be accepted from the floor during the Annual Meeting.
       (b) Ballots shall be mailed via US Mail to each property owner within the District at least two (2) weeks prior to the Annual Meeting.
       (c) Absentee ballots shall be mailed to any eligible voter requesting one.
(d) Completed absentee ballots shall be mailed to the Circle Lake Improvement District, P.O. Box 147 Northfield, MN 55057.

(e) Absentee ballots not received by 3:00 p.m. the day of the Annual Meeting are void and shall not be counted.

(a) The Board of Directors of the Circle Lake Improvement District shall conduct all elections at the Annual Meeting.
(b) Voting for Directors shall be by secret ballot.
(c) Ballots may be delivered or sent to the Secretary of the CLID Board prior to or at the Annual Meeting.

v. The Board of Directors shall retain all election materials returned to them after any election for at least 22 months from the date of that election. All election materials involved in a contested election must be archived by the Secretary for 22 months or until the contest has been finally determined, whichever is later.

d. Tabulation of Results.
(i) Ballot counting shall occur at the Annual Meeting. The Secretary, with the assistance of the Treasurer, shall count the ballots and record the results.
(ii) The Chairman shall announce the results during the Annual Meeting.
(iii) In the event of a tie, one recount shall be conducted. If a tie persists, a coin toss shall determine the winner.
(iv) Election results will be posted on the Circle Lake Improvement District website http://circlelake.org/, and will be available at the next scheduled Board meeting.
Findings and Order Establishing Circle Lake Improvement District

Based upon testimony received at a public hearing held at the Rice County Government Center in Faribault, Minnesota, on November 13, 2018, the recommendations of staff, and upon all files, records and proceedings herein, the Rice County Board of Commissioners ("County Board") makes the following:

Findings

1. Rice County ("County") recognizes that its lakes and land are important natural resources.
2. Circle Lake is located within Forest Township of Rice County.
3. Petitioners filed their petition pursuant to Minnesota Statute §103B.521 ("Petition"), requesting consideration by the County Board for the establishment of a lake improvement district for Circle Lake with a proposed name of Circle Lake Improvement District ("CLID").
5. Petitioners are owners of certain parcels of real property within the appropriate natural hydrologic boundaries and tracts of real estate of the territory surrounding and abutting Circle Lake.
6. The Circle Lake Association unanimously supported the Petition and over eighty individual landowners executed signature pages in support of the establishment of the CLID as proposed in the Petition.
7. Petitioners represent the majority of property owners within the above referenced territory surrounding Circle Lake.
8. The Petition identifies the properties proposed for inclusion within the designated boundary of the CLID ("CLID Property").
9. Circle Lake suffers from issues or threats, including, but not limited to, a hypereutrophic condition, including high nutrient loading of Chlorophyll A and phosphorus not within the Minnesota Pollution Control Agency Lake Standards and an over-abundance of aquatic invasive species (AIS) and other non-native species.
10. Petitioners state that the primary purpose, objective and mission of the proposed CLID is to serve as a steward of the lake community, to protect, preserve, promote, and improve the recreational and overall quality and integrity of Circle Lake.
11. A Lake Improvement District provides a reasonable approach to lake maintenance and protection.
12. On ______________, 2018 the County Board passed a resolution setting a public hearing in accordance with Chapter 103B to obtain input about the proposed CLID.

13. Notice of the public hearing was sent to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, local units of government and all owners of property within the proposed CLID boundary. Notice was properly published and posted as required by law.

14. On November 13, 2018, the County Board conducted a public hearing at the Rice County Government Center in Faribault, Minnesota concerning the creation of the proposed CLID. Oral and written comments were received by the County Board.

15. The response from the Minnesota Department of Natural Resources regarding the establishment of the proposed CLID was read into the record.

16. The Minnesota Department of Natural Resources determined that [summary of report].

17. A consensus of those attending the hearing or submitting written comments [supported/opposed] the creation of the proposed CLID.

18. The proposed CLID is a beneficial component in helping to preserve Circle Lake as a viable natural resource in Rice County. Efforts made to date to control aquatic invasive species and other non-native or native species, obtain funding to protect Circle Lake, and plan for the long-term health of Circle Lake have been insufficient.

19. The CLID will promote the public welfare by improving the overall quality of Circle Lake.

20. Landowners will benefit from the proposed CLID because the management and improvement of Circle Lake will allow for greater use of Circle Lake and increase real property values around Circle Lake.

21. The primary programs proposed to be undertaken by the CLID include the following:

   a. Developing and implementing a comprehensive plan to improve water quality and monitor for potential long-term environmental effects;
   b. Applying for private and/or public grants and/or entering into contracts with federal or state agencies for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs;
   c. Entering into contracts with private businesses for the study and treatment of pollution, water quality and/or weed problems and related demonstration programs;
   d. Undertaking research to determine the condition and development of the body of water included within the proposed district and to transmit the studies to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and other interested authorities;
e. Making cooperative agreements with the United States, State of Minnesota, Rice County, Forest Township or other cities to effect water and related land resource programs;

f. Conducting programs of water improvement, conservation, and education;

g. Implementing and/or continuing water quality monitoring programs;

h. Serving as the local sponsor for grants;

i. Providing input to the Soil and Water Conservation District regarding water use and application as deemed necessary and reasonable;

j. Conducting plans, studies, developments and implementations as allowed or permitted by law and approved by the County Board; and

k. Coordinating with the proper government agencies for the planning and installation of cluster or community sewage and/or water supply systems.

22. The programs of the proposed CLID would be financed by any combination of:

a. County, State, and Federal Grants;

b. Donations and grants from private parties, corporations, or foundations;

c. Loans from governmental entities;

d. Imposing service charges on the users of lake improvement district services within the District under Minnesota law;

e. Levying an ad valorem tax solely on property within the lake improvement district to be appropriated and expended on projects of special benefit to the District; and

f. Imposing any combination of service charges and taxes.

23. The LID has proposed using an annual charge to owners of property within the District as the primary means of subsequent financing for the CLID.

24. Delegation of the powers stated below will allow representatives of the people most directly affected by the actions of the CLID to determine the management of the CLID.

25. The proposed Directors listed below meet the requirements of Minnesota Statute §103B.551.

26. Because of the County’s residual financial responsibility under Minnesota Rule 6115.0980, the Directors will be required to maintain insurance and follow standard government accounting principles.

Order

Wherefore, the Rice County Board of Commissioners makes the Following Order:

1. The CLID is hereby established.

2. The CLID shall include properties within the natural hydrologic boundaries surrounding and abutting Circle Lake as identified on Exhibit B attached hereto.
3. The manner for financing programs and services of the CLID shall be by:
   a. County, State, and Federal Grants;
   b. Donations and grants from private parties, corporations, or foundations;
   c. Loans from governmental entities;
   d. Imposing service charges on the users of lake improvement district services within the District under Minnesota law;
   e. Levying an ad valorem tax solely on property within the lake improvement district to be appropriated and expended on projects of special benefit to the District; and
   f. Imposing any combination of service charges and taxes.

4. Specific projects of the CLID may be financed by special assessments on landowners located within the CLID in accordance with Minnesota law and the CLID’s Bylaws.

5. The CLID is authorized to undertake the following programs as determined necessary and appropriate by their Board of Directors:
   a. Developing and implementing a comprehensive plan to improve water quality and monitor for potential long-term environmental effects;
   b. Applying for private and/or public grants and/or entering into contracts with federal or state agencies for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs;
   c. Entering into contracts with private businesses for the study and treatment of pollution, water quality, and/or weed problems and related demonstration programs;
   d. Undertaking research to determine the condition and development of the body of water included within the proposed district and to transmit the studies to the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and other interested authorities;
   e. Making cooperative agreements with the United States, State of Minnesota, Rice County, Forest Township or other cities to effect water and related land resource programs;
   f. Conducting programs of water improvement, conservation, and education;
   g. Implementing and/or continuing water quality monitoring programs;
   h. Serving as the local sponsor for grants;
   i. Providing input to the Soil and Water Conservation District regarding water use and application as deemed necessary and reasonable;
   j. Conducting plans, studies, developments and implementations as allowed or permitted by law and approved by the County Board;
   k. Coordinating with the proper government agencies for the planning and installation of cluster or community sewage and/or water supply systems; and
   l. To take actions necessary for the administration of the Lake Improvement District;

6. The following individuals shall serve as initial Directors upon the adoption of this order
and continuing until the 2019 CLID meeting:

a. Dale Petelinsik;
b. Roger Kluzak;
c. Cheryl Bahnsen;
d. Dean Sunderlin;
e. Jeff Jirik;
f. Brian Panettiere; and
g. Mandi Morrissey.

7. Following the 2019 CLID annual meeting, the CLID will be managed by a seven (7) person Board of Directors with three (3) year staggered terms. Directors shall be owners of property within the CLID. At the 2019 CLID meeting, three (3) Directors will be elected to a three (3) year term, three (3) Directors will be elected to a two (2) year term, and one (1) Director will be elected to a one (1) year term. Thereafter, Directors will be elected to serve three (3) year terms. The terms shall be staggered and shall run from annual meeting to annual meeting.

8. Directors shall be elected at the annual meeting to be held in July or August of each year on a date set by the Board of Directors.

9. A Director may be removed from office by a majority vote of the remaining Board members for failure to attend meetings or for conduct detrimental to the good of the CLID.

10. A vacancy on the Board of Directors shall be filled by election at the next annual meeting. The Board of Directors may, by majority vote of the remaining Directors, elect members to temporarily fill vacancies until the next annual meeting.

11. Property owners (defined as all names listed as taxpayers of parcels located within the stated boundaries according to the Rice County Property tax records as owners of the parcel) are entitled to one vote for Board members and on other CLID matters. No owner of property shall have more than one vote. A “CLID Property” is defined as a parcel held in separate and distinct ownership, regardless of the acreage or the number of owners, except, when a CLID Property is owned in common by members of a condominium, common interest community, planned unit development or other common ownership arrangement, the owners of each unit having an interest in the common CLID property shall have a vote and shall have all other rights and responsibilities, including being subject to assessment, as an owner of CLID Property.

12. Voting for Directors will be as stated in Exhibit C of the CLID’s Bylaws.

13. Directors shall serve in a volunteer capacity and receive no compensation for their services unless authorized by the Board to be determined by the property owners at the annual meeting. Directors may be reimbursed for actual expenses necessarily incurred in
the performance of their duties in the manner provided for County employees.

14. The CLID shall maintain general liability insurance in the amount of tort limits by Minnesota Statute Chapter 466 and shall name Rice County as an additional insured on such insurance policy. A copy of the insurance policy shall be filed annually with the Rice County Auditor.

15. The CLID shall submit a list a chargeable, taxable, or assessable parcels to the County along with its annual budget. It shall be the sole responsibility of the CLID to determine the applicable charge, fee, or tax attributable to each parcel based on the CLID’s proposed budget and any projects. Prior to the County considering the CLID’s proposed budget in any year, the CLID shall submit the following information to the County in a form and manner approved by County staff:

a. Identification of the parcels to be charged or otherwise assessed;
b. Name of parcel owner;
c. Address of parcel owner; and
d. Manner and amount of charge, tax, or fee assessed to each parcel.

16. The county as a whole is not be responsible for sharing the administration and other costs to administer and operate the LID. Accordingly, all expenses and costs incurred by the county each year to administer the LID shall be added to and incorporated into the CLID’s budget for the following year. The purpose of incorporating such amounts into the CLID’s budget is to reimburse the county for expenses and costs incurred on an annual basis. The LIDs budget shall not be approved by the County until all costs and expenses of the County from the previous year are incorporated into the budget. The County will provide an accounting of all costs and expenses to the LID for incorporating into the annual budget on or before July 15th in order to allow time to incorporate such information into the CLIDs’ budget.

17. The CLID shall, within four months after its annual meeting, file an annual report with the Rice County Board of Commissioners, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency and the Rice County Soil and Water Conservation District.

18. The County Board will consider termination of the CLID upon receipt of a Petition signed by the majority of the property owners in the District.

19. The CLID shall operate in accordance with Minnesota Statutes §103B.501 to 103B.581 and Minnesota Rules 6115.0900 to 6115.0980 and within the limitations of this Order.

20. This Order will become effective 30 days after its publication in the Rice County Record.
This Order was approved by the Rice County Board of Commissioners at its meeting on November 13, 2018.

______________________________
Steve Bauer
Chair, Rice County Board of Commissioners

Dated this ____ day of November, 2018

Attested to by:

______________________________
County Administrator